CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

CONSOLIDATED INCOME STATEMENT

In € millions **Period from April 1 to March 31,**	*Notes*	2010	2009
Sales	*5*	**13 845**	**16 069**
Other revenues		4	4
Revenues		**13 849**	**16 073**
External expenses	*6*	(8 462)	(9 670)
Salaries and related costs	*7*	(5 237)	(5 390)
Taxes other than income taxes		(205)	(238)
Amortization and depreciation	*8*	(1 081)	(1 078)
Provisions	*8*	(18)	(76)
Other income and expenses	*9*	167	120
Income from current operations		**(987)**	**(259)**
Sales of aircraft equipment	*10*	8	4
Other non-current income and expenses	*10*	(260)	(69)
Income from operating activities		**(1 239)**	**(324)**
Cost of financial debt		(172)	(160)
Income from cash and cash equivalents		46	120
Net cost of financial debt	*11*	***(126)***	***(40)***
Other financial income and expenses	*11*	(168)	(634)
Income before tax		**(1 533)**	**(998)**
Income taxes	*12*	441	377
Net income of consolidated companies		**(1 092)**	**(621)**
Share of profits (losses) of associates	*19*	-	1
Net income from continuing operations		**(1 092)**	**(620)**
Net income for the period		**(1 092)**	**(620)**
- Group		**(1 093)**	**(622)**
- Minority interests		1	2
Earnings per share – Group (in euros)	*14*		
- basic		(8.62)	(4.91)
- diluted		(8.62)	(4.91)

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

In € millions	**March 31, 2010**	**March 31, 2009**
Net income for the period	**(1 092)**	**(620)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	6	(13)
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	697	(2 133)
Change in fair value transferred to profit or loss	283	(874)
Currency translation adjustment	**1**	**4**
Tax on items taken directly to or transferred from equity		
Income / (expense) recognized directly in equity	(337)	1 043
Total of other comprehensive income included in the recognized income and expenses	**650**	**(1 973)**
Recognized income and expenses	**(442)**	**(2 593)**
- Group	**(443)**	**(2 596)**
- Minority interest	**1**	**3**

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

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	***Notes***	**March 31, 2010**	**March 31, 2009**
Goodwill	***15***	401	400
Intangible assets	***16***	200	150
Flight equipment	***17***	7 431	8 112
Other property, plant and equipment	***17***	1 538	1 566
Investments in equity associates	***19***	40	31
Pension assets		26	27
Other financial assets *(including € 343 million of deposits related to financial leases as of March 31, 2010 and € 331 million as of March 31, 2009)*	***20***	544	518
Deferred tax assets	***12.5***	910	765
Other non-current assets	***23***	52	587
Total non-current assets		**11 142**	**12 156**
Assets held for sale	***13***	93	93
Other short-term financial assets *(including € 107 million of deposits related to financial leases and investments between 3 months and 1 year as of March 31, 2010 and € 39 million as of March 31, 2009)*	***20***	134	61
Inventories	***21***	345	332
Trade accounts receivable	***22***	1 576	1 409
Income tax receivables		1	2
Other current assets	***23***	561	739
Cash and cash equivalents	***24***	1 771	2 212
Total current assets		**4 481**	**4 848**
Total assets		**15 623**	**17 004**

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

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity *In € millions*	*Notes*	March 31, 2010	March 31, 2009
Issued capital	***25.1***	1 901	1 901
Additional paid-in capital	***25.2***	30	30
Reserves and retained earnings	***25.3***	393	811
Equity attributable to equity holders		**2 324**	**2 742**
Minority interests		36	37
Total Equity		**2 360**	**2 779**
Provisions and retirement benefits	***27***	1 081	1 012
Long-term debt	***28***	4 573	4 135
Deferred tax	***12.5***	31	-
Other non-current liabilities	***29***	437	1 483
Total non-current liabilities		**6 122**	**6 630**
Liability related to assets held for sale	***13***	10	7
Provisions	***27***	526	309
Current portion of long-term debt	***28***	1 345	889
Trade accounts payable		1 465	1 460
Deferred revenue on ticket sales		1 614	1 459
Frequent flyer programs		565	620
Current tax liabilities		10	10
Other current liabilities	***29***	1 490	2 559
Bank overdrafts	***24***	116	282
Total current liabilities		**7 141**	**7 595**
Total liabilities		**13 263**	**14 225**
Total liabilities and equity		**15 623**	**17 004**

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In € millions	**Number of shares**	**Issued capital**	**Additional paid-in capital**	**Reserves and retained earnings**	**Equity attributable to holders of Air France**	**Minority interests**	**Total equity**
March 31, 2008 (adjusted)	**126 748 775**	**1 901**	**30**	**3 447**	**5 378**	**23**	**5 401**
Fair value adjustment on available for sale securities	-	-	-	(13)	**(13)**	-	**(13)**
Gain / (loss) on cash flow hedges	-	-	-	(1 964)	**(1 964)**	-	**(1 964)**
Currency translation adjustment	-	-	-	3	**3**	1	**4**
Net income for the year	-	-	-	(622)	**(622)**	2	**(620)**
Total of income and expenses recognized	**-**	**-**	**-**	**(2 596)**	(2 596)	**3**	(2 593)
Stock based compensation (ESA)	-	-	-	26	**26**	-	**26**
Dividends paid	-	-	-	(66)	**(66)**	(4)	**(70)**
Change in consolidation scope	-	-	-	-	**-**	15	**15**
March 31, 2009	**126 748 775**	**1 901**	**30**	**811**	**2 742**	**37**	**2 779**
Fair value adjustment on available for sale securities	-	-	-	6	**6**	-	**6**
Gain / (loss) on cash flow hedges	-	-	-	643	**643**	-	**643**
Currency translation adjustment	-	-	-	1	**1**	-	**1**
Net income for the year	-	-	-	(1 093)	**(1 093)**	1	**(1 092)**
Total of income and expenses recognized	**-**	**-**	**-**	**(443)**	(443)	**1**	(442)
Stock based compensation (ESA)	-	-	-	25	**25**	-	**25**
Dividends paid	-	-	-	-	**-**	(1)	**(1)**
Other	-	-	-	-	**-**	(1)	(1)
March 31, 2010	**126 748 775**	**1 901**	**30**	**393**	**2 324**	**36**	**2 360**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

In € millions **Period from April 1 to March 31,**	***Notes***	**2010**	**2009**
Net income for the period – Group		(1 093)	(622)
Minority interests		1	2
Amortization, depreciation and operating provisions	***8***	1 099	1 154
Financial provisions	***11***	7	1
Gain on disposals of tangible and intangible assets		29	(20)
Loss / (gain) on disposals of subsidiaries and associates		2	(12)
Reversal of provision for cargo investigation		-	(135)
Derivatives – non monetary result	***11***	27	244
Unrealized foreign exchange gains and losses, net		4	(17)
Share of (profits) losses of associates	***19***	-	(1)
Deferred taxes	***12***	(452)	(388)
Other non-monetary items		336	109
Subtotal		**(40)**	**315**
(Increase) / decrease in inventories		(13)	(37)
(Increase) / decrease in trade receivables		(155)	421
Increase / (decrease) in trade payables		(7)	(210)
Change in other receivables and payables		(318)	(94)
Net cash flow from operating activities		**(533)**	**395**
Acquisitions of subsidiaries and investments in associates, net of cash acquired	***35***	(19)	(24)
Purchase of property, plant and equipment and intangible assets	***18***	(1 451)	(1 456)
Proceeds on disposal of subsidiaries and investments in associates	***35***	2	12
Proceeds on disposal of property, plant and equipment and intangible assets		886	41
Dividends received		4	5
Decrease (increase) in investments, net between 3 months and 1 year		(73)	29
Net cash used in investing activities		**(651)**	**(1 393)**
Increase in capital		-	14
Issuance of long-term debt		1 313	1 165
Repayments on long-term debt		(275)	(286)
Payment of debt resulting from finance lease liabilities		(122)	(107)
New loans		(47)	(32)
Repayments on loans		42	35
Dividends paid		(2)	(121)
Net cash flow from financing activities		**909**	**668**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**-**	**-**
Change in cash and cash equivalents and bank overdrafts		**(275)**	**(330)**
Cash and cash equivalents and bank overdrafts at beginning of period	***24***	1 930	2 260
Cash and cash equivalents and bank overdrafts at end of period	***24***	1 655	1 930
Income tax (paid) / reimbursed (flow included in operating activities)		(9)	(11)
Interest paid (flow included in operating activities)		(195)	(185)
Interest received (flow included in operating activities)		29	106

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS DESCRIPTION

As used herein, the term "Air France" refers to Air France S.A., a limited liability company organized under French law excluding its consolidated 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 and charter services.
The limited company Air France SA, domiciled at 45 rue de Paris 95747 Roissy Charles de Gaulle, is the parent company of the Air France group.
The presentation currency used in these financial statements is the euro, which is also the Group's functional currency.

2. SIGNIFICANT EVENTS

2.1. Arising during the account period

The Group has launched a voluntary redundancy plan for the company Air France. The period during which applications for the plan will be made opened at the beginning of the 2009-10 fourth quarter and will close on May 14, 2010. The Group estimates that the provision necessary to cover the net cost before tax of departures amounts to €148 million.

2.2. Subsequent events

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) in Spanish stock exchange. This operation has been done in two steps:

1. A capital increase reserved to the market. The Group did not subscribe to it.
2. The concomitant sold of a part of the shares held by the Group

After the operation the percentage of interest has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items have involved for the Group the loss of significant influence and also a change in the valuation method of the shares held.
As a consequence, according to IFRS, since April 29, 2010, date of the IPO, share held by the Group will valued at their market value (market price).
The global profit recorded in the income statement for an amount of €1 031 million will be analyzed as follows:

- gain on disposal of shares : € 282 million, including €195 million of cash received
- valuation of shares held by the Group : €749 million.

In April 2010, the airspace has been closed or strongly disturbed because of the ash cloud involved by the volcanic blast in Iceland.
The cost generated by this event will be recorded at the closing of the first quarter 2010-11.

3. ACCOUNTING POLICIES

3.1. Accounting principles

Accounting principles used for consolidated financial statements

Pursuant to the European Regulation 1606/2002, July 19, 2002, the consolidated financial statements as of March 31, 2010 are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission ("EU") and applicable on the date these consolidated financial statements were established.

IFRS as adopted by the EU differ in certain respects from IFRS as published by the International Accounting Standards Board ("IASB"). The Group has, however, determined that the financial information for the periods presented would not differ substantially had the Group applied IFRS as published by the IASB.

The consolidated financial statements were approved by the Board of Directors on May 19, 2010.

Change in accounting principles

The rules, interpretations and amendments which must be obligatorily applied to consolidated accounts from March 31, 2010 are as follows:

- The standard IFRS 8 "Operating Segments" was applied for the first time for the account period 2009-10. The application of this rule has no impact on the Group's consolidated financial statement, the segments previously presented according to IAS 14 being compliant with the definition of operating segments identified and grouped according to IFRS 8. The Group presents its segment information based on "passenger", "cargo", "maintenance" and "other" segments. Moreover it has been considered useful to maintain information by geographical area.

- The revised standard IAS 1 "Presentation of financial statements" was also applied for the first time for the account period 2009-10. The Group opted to present the performance in two statements: a consolidated income statements and a consolidated statement of recognized income and expenses. Information on the previous period presented has been restated in order to be compliant with the revised standard.

- The revised standard IAS 23 "Cost of Borrowings": as the Group has already opted for the capitalization of borrowing costs in fixed asset costs, this amendment has no impact on the Group consolidated accounts.

- The amendments to the standard IFRS 7 "Improvement of information supplied relating to financial instruments" have been applied for the 2009-10 financial year and, in particular, the presentation of fair value hierarchy for financial assets and liabilities (cf. note 3.10).

The interpretations IFRC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", which must be applied from January 1, 2009, were early adopted for periods 2008-09 and 2007-08. Consequently, its mandatory introduction has had no impact on the Group consolidated accounts as of March 31, 2010.The other texts for which the application is now mandatory have had no impact on the Group consolidated accounts relating to the period ending March 31, 2010.

The other texts adopted by the European Union as of March 31, 2010 described below, and which came into force for accounting periods starting July 1, 2009, have not been early applied by the Group for the establishment of the consolidated financial statements when this arrangement was possible:

- The revised standard IFRS 3 "Business Combination", mandatory application from July 1, 2009;

- The revised standard IAS 27 "Individual and Consolidated Financial Statements", mandatory application from July 1, 2009;

- Amendments to IAS 39 “Eligible Hedged Items”, mandatory application from July 1, 2009;

- Amendments to IAS 32 “Classification of subscription rights”, mandatory application from February 1, 2010;

- The standard IFRS 9 “Financial instruments”*, phase 1 “classification and measurement”, is applicable for annual periods beginning on or after January 1, 2013;

- The revised standard IAS 24 “Related party disclosures”, applicable for annual periods beginning on or after January 1, 2011. The Group does not expect any significant impact from the application of this revised standard;

- IFRIC 16 “Hedges of a net investment in a foreign operation”, mandatory application for annual periods beginning on or after July 1, 2009;

- IFRIC 17 “Distribution of non cash assets to owners”, mandatory application for annual periods beginning on or after July 1, 2009. The Group does not distribute non-cash assets, so this interpretation is not applicable to the consolidated financial statements;

- IFRIC 18 “Transfers of assets from customers”, mandatory application for annual periods beginning on or after July 1, 2009;

- IFRIC 19 “Extinguishing financial liabilities with equity instruments”*, early adoption applicable for annual periods beginning on or after July 1, 2010;

* Those texts have not been adopted by the European Union.

Other new standards, interpretations and amendments to existing standards are not applicable to the Group.

3.2. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The main estimates are described in the following notes:

- Note 3.6 – Revenue recognition related to deferred revenue on ticket sales,
- Notes 3.13 and 3.12 – Tangible and intangible assets,
- Note 3.10 – Financial assets,
- Note 3.21 – Deferred tax assets
- Note 3.7 – Flying Blue frequent flyer program
- Notes 3.17, 3.18 and 3.19 – Provisions

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 financial year have thus been established taking into account the current economic and financial crisis which has developed 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 assumption was that the crisis would be of limited duration.

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

3.3. Consolidation principles

3.3.1 Subsidiaries

Companies in which the Group exercises control are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

Minority interests are presented within equity and on the income statement separately from Group stockholders' equity and the Group's net income, under the line "minority interest".

3.3.2. Interest in associates and joint ventures

Companies in which the Group has the ability to exercise significant influence on financial and operating policy decisions are accounted for using the equity method; the ability to exercise significant influence is presumed to exist when the Group holds more than 20% of the voting rights.

In addition, companies in which the Group exercises joint control by virtue of a contractual agreement are accounted for using the equity method.

The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures from the date the ability to exercise significant influence commences to the date it ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's profit or loss. The investor's share of those changes is recognized directly in the Group's equity.

The Group's share of losses of an associate that exceed the value of the group's interest and net investment (long term receivables) in this entity are not accounted for, unless:
- the Group has incurred contractual obligations; or
- the Group has made payments on behalf of the associate.

Any surplus of the investment cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate company on the date of acquisition is accounted for as goodwill and included in the book value of the investment accounted for using the equity method.

The investments in which the Group has ceased to exercise significant influence or joint control are no longer consolidated and are valued at the carrying value on the date of withdrawal from the consolidation scope.

3.3.3. Intra-group operations

All intra-group balances and transactions, including income, expenses and dividends are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets are eliminated in full.
Gains and losses realized on internal sales with associates and jointly controlled entities are eliminated, to the extent of the Group's interest in entity, providing there is no impairment.

3.3.4 Closing date

With the exception of a few non-significant subsidiaries and equity affiliates with a December 31 closing date, all Group companies are consolidated based on financial statements for the year ended March 31.

3.4. Translation of foreign companies' financial statements and transactions in foreign currencies

3.4.1. Translation of foreign companies' financial statements

The financial statements of foreign subsidiaries are translated into euros on the following basis:

- with the exception of the equity for which historical prices are applied, balance sheet items are converted on the basis of the foreign currency rates in effect at the closing date;
- the income statement and the statement of cash flows are converted on the basis of the average foreign currency exchange rates for the period;
- the resulting foreign exchange adjustment is recorded in the "Translation adjustments" item included within equity.

Goodwill is expressed in the functional currency of the entity acquired and is converted into euros using the foreign currency rate in effect at the closing date.

3.4.2. Translation of foreign currency transactions

Foreign currency transactions are translated using the exchange rate prevailing on the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates in effect on the balance sheet date or at the rate of the related hedge for assets resulting from firm commitments documented in fair value hedge relationships.

The corresponding exchange rate differences are recorded in the Group's consolidated income statement. Changes in fair value of the hedging instruments are recorded using the accounting treatment described in note 3.10. "Financial instruments, valuation of financial assets and liabilities".

3.5. Business combinations

Business combinations are accounted for using the purchase method in accordance with IFRS 3. In accordance with this standard, all assets, liabilities assumed and contingent liabilities are measured at fair value at the acquisition date. The time period for adjustments to goodwill/negative goodwill is limited to 12 months from the date of acquisition.
Assets meeting the criteria of IFRS 5, as described in note 3.22, are recorded at the lower of their net book value and their fair value less costs to sell.

Goodwill arising from the difference between the acquisition cost, which includes the potential equity instruments issued by the Group to gain control on the acquired entity and other costs potentially dedicated to the business combination, and the Group's interest in the fair value of the identifiable assets and liabilities acquired is subject to annual impairment tests or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Should the fair value of identifiable assets acquired and liabilities assumed exceed the cost of acquisition, the resulting negative goodwill is recognized immediately in the income statement.

3.6. Sales

Sales related to air transportation operations are recognized when the transportation service is provided, net of any discounts granted. Transportation service is also the trigger for the recognition of external expenses, such as the commissions paid to agents.

Upon issuance, both passenger and cargo tickets are recorded as “Deferred revenue on ticket sales”.

Sales relating to the value of tickets that have been issued, but which will never be used, are recognized as revenues. The amounts recognized are based on a statistical analysis, which is regularly updated.

Sales on third-party maintenance contracts are recorded based on the stage of completion.

3.7. Loyalty programs

The group has a common frequent flyer program "Flying Blue" with KLM. This program allows members to acquire "miles" as they fly on Air France or with other partner companies. These miles entitle members to a variety of benefits such as free flights with the company.

In accordance with the IFRIC 13, these “miles” are considered distinct elements from a sale with multiple elements and one part of the price of the initial sale of the airfare is allocated to these “miles” and deferred until the groups commitments relating to these “miles” has been met.

The deferred amount due in relation to the acquisition of miles by members is estimated:

- According to the fair value of “miles”, defined as the amount at which the benefits can be sold separately.

- After taking into account the redemption rate, corresponding to the probability that the miles will be used by members, using statistical method.

With regards to the invoicing of other partners in the program, the margins realized on sales of “miles” by the group Air France to other partners is recorded immediately in the income statement.

3.8. Distinction between income from current operations and income from operating activities

The Group considers it relevant to the understanding of its financial performance to present on the face of the income statement a subtotal within the income from operating activities. This subtotal, named “Income from current operations”, excludes those elements that have little predictive value due to their nature, frequency and/or materiality.

Such elements can be divided into three categories:

- Elements that are both very infrequent and significant, such as the recognition in the income statement of the gain realized for negative goodwill.

- Elements that have been incurred for both periods presented and may recur in future periods but for which amounts have varied from period to period, the Group believes that amounts to be incurred in future periods will continue to vary materially in amount and nature such as sales of aircraft equipment and disposals of other assets.

- Elements that are by nature unpredictable and non-recurring, if they are significant such as restructuring costs or gains/(losses) resulting from specific transactions. The Group considers that materiality must be assessed not only by comparing the amount concerned with the income (loss) from operating activities of the period, but also in terms of changes in the item from one period to the other.

3.9. Earnings per share

Earnings per share are calculated by dividing net income attributable to the equity holders of Air France by the average number of shares outstanding during the period. The average number of shares outstanding does not include treasury shares.

Diluted earnings per share are calculated by dividing the net income attributable to the equity holders of Air France adjusted for the effects of dilutive instrument exercise, by the average number of shares outstanding during the period, adjusted for the effect of all potentially-dilutive ordinary shares.

3.10. Financial instruments, valuation of financial assets and liabilities

3.10.1 Valuation of trade receivables and non-current financial assets

Trade receivables, loans and other non-current financial assets are considered to be assets issued by the Group and are recorded at fair value, then subsequently using the amortized cost method less impairment losses, if any. The purchases and sales of financial assets are accounted for as of the transaction date.

3.10.2 Investments in debt and equity securities

Investments in debt and equity securities qualifying as assets available for sale are stated at fair value in the Group's balance sheet. For publicly-traded securities, the fair value is considered to be the market price. For other securities, if the fair value cannot be reliably estimated, it equals the acquisition cost less impairment, if any.

Potential gains and losses, except for impairment charges, are recorded in a specific component of equity "Derivatives and available for sale securities reserves". If there is an indication of impairment of the financial asset, the amount of the loss is recorded in the income statement for the period.

3.10.3 Derivative financial instruments

The Group uses various derivative financial instruments to hedge its exposure to the risks of exchange rates, changes in interest rates or fuel prices.

Forward currency contracts and options are used to cover exposure to exchange rates. For firm commitments, the unrealized gains and losses on these financial instruments are included in the carrying value of the hedged asset or liability.

The Group also uses rate swaps to manage its exposure to interest rate risk. Most of the swaps traded convert floating-rate debt to fixed-rate debt.

Finally, exposure to the fuel risk is hedged by swaps or options on jet fuel, diesel or Brent.

Most of these derivatives are classified as hedging instruments if the derivative is eligible as a hedging instrument and if the hedging contracts are documented as required by IAS 39.

These derivative instruments are recorded on the Group's consolidated balance sheet at their fair value. The method of accounting for changes in fair value depends on the classification of the derivative instruments. There are three classifications:

- *Derivatives classified as fair value hedge*: changes in the derivative fair value are recorded through the income statement and offset within the limit of its effective portion against the changes in the fair value of the underlying item (assets, liability or firm commitment), which are also recognized as earnings.

- *Derivatives classified as cash flow hedge*: the changes in fair value are recorded in equity for the effective portion and are reclassified as income when the hedged element affects earnings. The ineffective portion is recorded as financial income or financial losses.

- *Derivatives classified as trading*: changes in the derivative fair value are recorded as financial income or losses.

3.10.4 Convertible bonds

Convertible bonds are financial instruments comprised of two components: a bond component recorded as debt and a stock component recorded in equity. The bond component is equal to the discounted value of all coupons due for the bond at the rate of a simple bond that would have been issued at the same time as the convertible bond. The value of the stock component recorded in the Group's equity is calculated by the difference between such value and the bond's nominal value at issue. The difference between the financial expense recorded and the amounts effectively paid out is added, at each closing, to the amount of the debt component so that, at maturity, the amount to be repaid if there is no conversion equals the redemption price.

3.10.5 Financial assets, cash and cash equivalents

Financial assets at fair value through profit and loss
Financial assets are made up of financial assets at fair value through profit and loss (French mutual funds such as SICAV and FCP, treasury bills, certificates, etc.) that the Group intends to sell in the near term to realize a capital gain, or that are part of a portfolio of identified financial instruments managed collectively and for which there is evidence of a practice of short-term profit taking. They are classified in the balance sheet as current financial assets. Furthermore, the Group opted not to designate any asset at fair value through the income statement.

Cash and cash equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10.6 Long-term debt

Long-term debt is recognized initially at fair value. Subsequent to the initial recognition, long-term debt is recorded at amortized cost calculated using the effective interest rate. Under this principle, any redemption and issue premiums are recorded as debt in the balance sheet and amortized as financial income or expense over the life of the loans.

In addition, long-term debt documented in the context of fair value hedging relationships is revalued at the fair value for the risk hedged, i.e. the risk related to the fluctuation in interest rates. Changes in fair value of the hedged debt are recorded symmetrically in the income statement for the period with the change in fair value of the hedging swaps.

3.10.7 Fair value hierarchy

The table that presents a breakdown of financial assets and liabilities categorized by value (see note 32.4) meets the amended requirements of IFRS 7. The fair values are classed using a scale which reflects the nature of the market data used to make the valuations. This scale has three levels of fair value:

Level 1: Fair value calculated from the exchange rate/price quoted on the active market for identical instruments

Level 2: Fair value calculated from valuation techniques based on observable data such as active prices or similar liabilities or scopes quoted on the active market.

Level 3: Fair value calculated from valuation techniques which rely completely or in part on non observable data such as prices on an inactive market or the valuation on a multiples basis for non quoted securities.

3.11. Goodwill

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

For acquisitions prior to April 1, 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under French GAAP. The classification and accounting treatment of business combinations that occurred prior to April 1, 2004 was not modified at the time international standards were adopted, on April 1, 2004, in accordance with IFRS 1.

Goodwill is valued in the functional currency of the entity acquired. It is recorded as an asset in the balance sheet.

It is not amortized and is tested for impairment annually and at any point during the year when an indicator of impairment exists. As discussed in note 3.14, once recorded the impairment may not subsequently be reversed.

When the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the acquisition cost, there is negative goodwill which is recognized and immediately reversed in the Group's income statement.

At the time of the sale of a subsidiary, an equity affiliate or a jointly controlled entity, the amount of the goodwill attributable to the entity sold is included in the calculation of the income from the sale.

3.12. Intangible assets

Intangible assets are recorded at initial cost less accumulated amortization and any accumulated impairment losses.
Software development costs are capitalized and amortized over their useful lives. The Group has the necessary tools to enable the tracking by project of all the stages of development, and particularly the internal and external costs directly related to each project during its development phase.
Identifiable intangible assets acquired with a finite useful life are amortized over their useful life from the date they are available for use.
Identifiable intangible assets acquired with an indefinite useful life are not amortized but tested annually for impairment or whenever there is an indication that the intangible asset may be impaired. If necessary, an impairment as described in note 3.14 is recorded.

Intangible assets with a finite useful life are amortized on a straight line basis over the following periods:

Software	1 to 5 years

3.13. Property, plant and equipment

3.13.1 Principles applicable

Property, plant and equipment are recorded at the acquisition or manufacturing cost, less accumulated depreciation and any accumulated impairment losses.

The financial interest attributed to progress payments made on account of aircraft and other significant assets under construction is capitalized and added to the cost of the asset concerned. Insofar as investment installments are not financed by specific loans, the Group uses the average interest rate on the current unallocated loans of the period.

Maintenance costs are recorded as expenses during the period when incurred, with the exception of programs that extend the useful life of the asset or increase its value, which are then capitalized (e.g. maintenance on airframes and engines, excluding parts with limited useful lives).

3.13.2 Flight equipment

The purchase price of aircraft equipment is denominated in foreign currencies. It is translated at the exchange rate at the date of the transaction or, if applicable, at the hedging price assigned to it. Manufacturers' discounts, if any, are deducted from the value of the related asset.

Aircraft are depreciated using the straight-line method over their average estimated useful life of 20 years, assuming no residual value.

During the operating cycle, in developing fleet replacement plans, the Group reviews whether the amortizable base or the useful life should be adjusted and, if necessary, determines whether a residual value should be recognized.

Any major airframes and engines (excluding parts with limited useful lives) are treated as a separate asset component with the cost capitalized and depreciated over the period between the date of acquisition and the next major overhaul.

Aircraft components enable the use of the fleet to be ensured are recorded as fixed assets and are amortized on a straight-line basis over the estimated residual life time of the aircraft/engine type on the world market. The useful life is a maximum of 30 years.

3.13.3 Other property, plant and equipment

Other property, plant and equipment are depreciated using the straight line method over their useful life. Such useful lives are as follows:

Buildings	20 to 50 years
Fixtures and fittings	8 to 15 years
Flight simulators	10 to 20 years
Equipment and tooling	5 to 15 years

3.13.4. Leases

In accordance with IAS 17 "Leases", leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The assets held under a finance lease are recognized as assets at the lower of the following two values: the present value of the minimum lease payments under the lease arrangement or their fair value determined at inception of the lease. The corresponding obligation to the lessor is accounted for as long-term debt.

These assets are depreciated over the shorter of the useful life of the assets and the lease term when there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term.

In the context of sale and operating leaseback transactions, the related profit or losses are accounted for as follows:

- They are recognized immediately when it is clear that the transaction is established at fair value;
- If the sale price is below fair value, any profit or loss is recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used;
- If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

In the context of sale and finance leaseback transactions, any gain on the sale is deferred and recognized as financial income over the lease term. No loss is recognized unless the asset is impaired.

3.14. Impairment

In accordance with the standard IAS 36 “Impairment of Assets”, fixed assets, intangible fixed assets and goodwill are tested for depreciation if there is an indication of impairment, and those with an indefinite useful life are tested at east once a year on December 31.

For this test, the Group determines the recoverable value of the asset to be the higher of market value less cost of disposal and its value in use. The latter is determined according to the method of future value of present cash flows, estimated from budgets validated by management, from an actuarial rate which corresponds to the weighted average cost of group capital and from a growth rate which reflects the market hypothesis for the appropriate activity.

The depreciation tests are carried out individually for each asset, except for those assets to which it is not possible to attach independent cash flows. In this case, these assets are regrouped within the CGU to which they belong and it is this which is tested. The CGU relates to different activity sectors of the group: Passenger business, cargo, maintenance and others (see sector information).

When the recoverable value of an asset or CGU is inferior to its net book value, an impairment is realized. The impairment of a CGU is charged in the first instance to goodwill, the remainder being charged to the other assets which comprise the CGU, prorated to their net book value.

3.15. Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition and location. These costs include the direct and indirect production costs incurred under normal operating conditions.

Inventories are valued on a weighted average basis.

The net realizable value of the inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.16. Treasury shares

Air-France shares held by the Group are recorded as a deduction from the Group's consolidated equity at the acquisition cost. Subsequent sales are recorded directly in equity. No gains or losses are recognized in the Group's income statement.

3.17. Employee Benefits

The Group's obligations in respect of defined benefit pension plans and termination indemnities on retirement are calculated, in accordance with IAS 19, using the projected units of credit method, factoring in the specific economic conditions in the various countries concerned. The commitments are covered either by insurance or pension funds or by provisions recorded on the balance sheet as and when rights are acquired by employees.

Actuarial gains or losses are recognized in the Group's income statement only if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any plan assets at that date. The fraction exceeding 10% is then recognized over the expected average remaining working lives of the employees participating in the plan.

3.18. Provisions for restitution of aircraft under operating leases

For certain operating leases, the Group is contractually committed to restitute aircraft to a defined level of potential.

The Group accrues for restitution costs related to aircraft under operating leases as soon as the asset does not meet the return condition criteria.

When the condition of aircraft exceeds the return condition as set per the lease arrangement, the group capitalizes the related amount in excess in "Flight equipment" caption. Such amounts are subsequently amortized on a straight line basis over the period during which the potential exceeds the restitution condition. Any remaining capitalized excess potential upon termination of a lease is reimbursable by the lessor.

3.19. Other provisions

The Group recognizes a provision in the balance sheet when the Group has an existing legal or implicit obligation to a third party as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amounts recorded as provisions are discounted when the effect of the passage of time is material.
The effect of the time value of money is presented as a component of financial income.
Restructuring provisions are recognized once the Group has established a detailed and formal restructuring plan which has been announced to the parties concerned.

3.20. Equity and debt issuance costs

Debt issuance costs are amortized as financial expenses over the term of the loans using the actuarial method.

The cost of increase in capital is deducted from paid-in capital.

3.21. Deferred taxes

The Group records deferred taxes using the balance sheet liability method, providing for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for exceptions described in IAS 12.

The tax rates used are those enacted or substantively enacted at the balance sheet date.

Net deferred tax balances are determined on the basis of each entity's tax position.

Deferred tax assets related to temporary differences and carry forwards are recognized only to the extent it is probable that a future taxable profit will be available against which the asset can be utilized at the tax entity level.

A deferred tax liability is also recognized for the undistributed reserves of the equity affiliates.

Taxes payable and/or deferred are recognized in the income statement for the period, unless they are generated by a transaction or event recorded directly as equity. In such a case, they are recorded directly in equity.

3.22. Non-current assets held for sale and discontinued operations

Non-current assets or groups of assets intended for sale meet the criteria of such a classification if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is considered to be met when the sale is highly probable and the asset (or the group of assets intended for sale) is available for immediate sale in its present condition. Management must be committed to a plan to sell, with the expectation that the sale will be realized within a period of twelve months from the date on which the asset or group of assets was classified as a non-current asset held for sale.

The Group determines on each closing date whether any assets or group of assets meet the above criteria and presents such assets, if any, as "non-current assets held for sale".
Any liabilities related to these assets are also presented on a separate line in liabilities on the balance sheet.

Non-current assets and groups of assets held for sale are valued at the lower of their book value or their fair value minus exit costs. As of the date of such a classification, the asset is no longer depreciated.

The results from discontinued operations are presented separately from the results from continuing operations in the income statement.

3.23. Share-based compensation

Pursuant to the transitional provisions of IFRS 2, only the share based plans awarded after November 7, 2002, for which the rights did not vest by April 1, 2004, were valued and recorded as salaries and related costs. The other plans are not valued and remain unrecognized. For the Group, the latter only affects the Shares-for-Salary Exchange realized in 1998.
Stock subscription or purchase option schemes are valued at the fair value on the date the plans are awarded.
The fair value of the stock option schemes is determined using the Black-Scholes model. This model takes into account the features of the plan (exercise price, exercise period) and the market data at the time they are granted (risk-free interest rate, market value of the share, volatility and expected dividends).
This fair value is the fair value of the services rendered by the employees in consideration for the options received. It is recognized as salary cost with a corresponding increase to equity over the period for which the rights vest. This compensation cost is adjusted, if applicable, to take into account the number of options effectively vested.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

4.1. Acquisitions

No significant acquisition of subsidiaries occurred during the years ended March 31, 2010 and 2009.

4.2. Disposals

No significant disposal of subsidiaries occurred during the years ended March 31, 2010 and 2009.

5. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The Group is organized around the following segments:

Passenger: Passenger operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code, 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.

Other: The revenues from this segment come primarily from catering supplied by the Group to third-party airlines and to charter flights operated primarily by Transavia.

The results, assets and liabilities 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

- as far as the income statement is concerned, to the current operating income,
- as far as the balance sheet is concerned, to intangible assets, flight equipment and other property, plant and equipment, the share in equity affiliates, some account receivables, deferred revenue on ticket sales and a portion of provisions and retirement benefits.

Other elements of the income statement and of the balance sheet are presented in the "non allocated" column.

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

Geographical segments

The Group's activities are broken down into six geographical regions:

- Metropolitan France
- Europe except France and North Africa
- Caribbean, French Guiana and Indian Ocean
- Africa, Middle East
- Americas, Polynesia
- Asia and New Caledonia

Only segment revenue is allocated by geographical sales area.
The carrying amount of segment assets by geographical location and the costs incurred to acquire segment assets are not presented, since most of the Group's assets (flight equipment) cannot be allocated to a geographical area.

5.1. Information by business segment

- **Year ended March 31, 2010**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	12 050	1 178	2 047	923	-	16 198
Inter-segment sales	(566)	(2)	(1 356)	(429)	-	(2 353)
External sales	**11 484**	**1 176**	**691**	**494**	**-**	**13 845**
Income from current operations	(779)	(283)	60	15	-	(987)
Income from operating activities	(779)	(283)	60	15	(252)	(1 239)
Share of profits (losses) of associates	-	-	-	-	-	-
Net cost of financial debt and other financial income and expenses	-	-	-	-	(294)	(294)
Income taxes	-	-	-	-	441	441
Net income from continuing operations	**(779)**	**(283)**	**60**	**15**	**(105)**	**(1 092)**
Depreciation and amortization for the period	(723)	(50)	(215)	(93)	-	(1 081)
Other non monetary items	(98)	11	4	(220)	(670)	(973)
Total assets	**9 468**	**772**	**1 811**	**247**	**3 325**	**15 623**
Segment liabilities	3 949	98	503	116	2 563	7 229
Financial debt, bank overdraft and equity	-	-	-	-	8 394	8 394
Total liabilities and equity	**3 949**	**98**	**503**	**116**	**10 957**	**15 623**
Purchase of property, plant and equipment and Intangible assets	**1 164**	**90**	**177**	**20**	**-**	**1 451**

Non-allocated assets amounting to €3.3 billion are mainly financial assets held by the Group, comprising marketable securities of €1.5 billion, deferred tax of €0.9 billion, cash of €0.3 billion, financial investments of €0.3 billion and derivatives of €0.2 billion.
Non-allocated liabilities amounting to €2.6 billion, mainly comprise a portion of provisions and retirement benefits of €0.9 billion, tax and employee-related liabilities of €0.9 billion and derivatives of €0.6 billion.
Financial debts, bank overdrafts and equity are not allocated.

- **Year ended March 31, 2009**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	13 939	1 612	1 959	939	-	18 449
Inter-segment sales	(622)	(3)	(1 297)	(458)	-	(2 380)
External sales	**13 317**	**1 609**	**662**	**481**	**-**	**16 069**
Income from current operations	(153)	(186)	73	7	-	(259)
Income from operating activities	(153)	(186)	73	7	(65)	(324)
Share of profits (losses) of associates	-	-	-	-	1	1
Net cost of financial debt and other financial income and expenses	-	-	-	-	(674)	(674)
Income taxes	-	-	-	-	377	377
Net income from continuing operations	**(153)**	**(186)**	**73**	**7**	**(361)**	**(620)**
Depreciation and amortization for the period	(773)	(59)	(157)	(89)	-	(1 078)
Other non monetary items	(9)	(1)	11	(109)	(80)	(188)
Total assets	**9 815**	**939**	**1 751**	**269**	**4 230**	**17 004**
Segment liabilities	3 863	125	472	115	4 344	8 919
Financial debt, bank overdraft and equity	-	-	-	-	8 085	8 085
Total liabilities and equity	**3 863**	**125**	**472**	**115**	**12 429**	**17 004**
Purchase of property, plant and equipment and Intangible assets	**1 163**	**113**	**159**	**21**	**-**	**1 456**

Non-allocated assets amounting to €4.2 billion are mainly financial assets held by the Group and mostly comprise marketable securities of €2.2 billion, derivatives of €0.9 billion, deferred tax of €0.8 billion and loans and receivables of €0.2 billion.
Non-allocated liabilities amounting to €4.3 billion, mainly comprise a portion of provisions and retirement benefits of €0.9 billion, tax and employee-related liabilities of €1 billion and derivatives of €2.4 billion.
Financial debts, bank overdrafts and equity are not allocated.

5.2. Information by geographical area

Sales by geographical area

- **Year ended March 31, 2010**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	5 019	2 397	285	731	1 641	778	10 851
Other passenger sales	362	102	9	51	40	69	633
Total passenger	**5 381**	**2 499**	**294**	**782**	**1 681**	**847**	**11 484**
Scheduled cargo	404	157	21	86	146	269	1 083
Other cargo sales	42	12	4	5	22	8	93
Total cargo	**446**	**169**	**25**	**91**	**168**	**277**	**1 176**
Maintenance	644	-	-	-	47	-	691
Others	356	89	24	25	-	-	494
Total	**6 827**	**2 757**	**343**	**898**	**1 896**	**1 124**	**13 845**

- **Year ended March 31, 2009**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	5 689	2 996	327	810	1 831	906	12 559
Other passenger sales	431	147	28	35	41	76	758
Total passenger	**6 120**	**3 143**	**355**	**845**	**1 872**	**982**	**13 317**
Scheduled cargo	372	367	29	111	214	386	1 479
Other cargo sales	81	12	3	4	22	8	130
Total cargo	**453**	**379**	**32**	**115**	**236**	**394**	**1 609**
Maintenance	650	-	-	-	-	12	662
Others	350	87	23	21	-	-	481
Total	**7 573**	**3 609**	**410**	**981**	**2 108**	**1 388**	**16 069**

Traffic sales by geographical area of destination

- **Year ended March 31, 2010**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	1 985	2 410	1 014	1 521	2 519	1 402	10 851
Scheduled cargo	4	32	136	211	327	373	1 083
Total	**1 989**	**2 442**	**1 150**	**1 732**	**2 846**	**1 775**	**11 934**

- **Year ended March 31, 2009**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2 167	3 035	1 104	1 670	2 883	1 700	12 559
Scheduled cargo	6	35	162	232	493	551	1 479
Total	**2 173**	**3 070**	**1 266**	**1 902**	**3 376**	**2 251**	**14 038**

6. EXTERNAL EXPENSES

In € millions **Year ended March 31,**	**2010**	**2009**
Aircraft fuel	2 764	3 413
Chartering costs	406	509
Aircraft operating lease costs	488	450
Landing fees and en route charges	1 061	1 164
Catering	387	398
Handling charges and other operating costs	900	967
Aircraft maintenance costs	691	723
Commercial and distribution costs	549	682
Other external expenses	1 216	1 364
Total	**8 462**	**9 670**
Excluding aircraft fuel	*5 698*	*6 257*

The "Other external expenses" correspond mainly to rent and insurance costs.

7. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions **Year ended March 31,**	**2010**	**2009**
Wages and salaries	3 595	3 673
Net periodic pension cost	144	113
Social contributions	1 553	1 556
Expenses related to share-based compensation	25	26
Other expenses	(80)	22
Total	**5 237**	**5 390**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This plan is accounted for as a defined contribution plan in "social contributions".
The "other expenses" comprise the capitalization of salary costs on aircraft and engine overhaul.

Average number of employees

Year ended March 31,	**2010**	**2009**
Flight deck crew	5 432	5 523
Cabin crew	14 897	15 069
Ground staff	51 814	53 995
Total	**72 143**	**74 587**

8. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions **Year ended March 31,**	**2010**	**2009**
Amortization and depreciation		
Intangible assets	25	20
Flight equipment	847	858
Other property, plant and equipment	209	200
	1 081	**1 078**
Provisions		
Inventories	4	(3)
Trade receivables	3	15
Risks and contingencies	11	64
	18	**76**
Total	**1 099**	**1 154**

A description of changes in amortization is included in notes 16 and 17.

The detail of changes in inventory and trade receivables impairment is included in notes 21, 22 and 23.

The movements in provisions for risks and charges are detailed in note 27.

9. OTHER INCOME AND EXPENSES

In € millions **Year ended March 31,**	**2010**	**2009**
Joint operation of routes	20	19
Operations-related currency hedges	107	68
Other	40	33
Total	**167**	**120**

10. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions **Year ended March 31,**	**2010**	**2009**
Sales of aircraft equipment	**8**	**4**
Disposal of subsidiaries and affiliates	(2)	12
Restructuring costs	(151)	-
Compensation on slot swaps	-	14
Loss on aircraft held for sale	(62)	(54)
Other	(45)	(41)
Other non-current income and expenses	**(260)**	**(69)**

Disposal of subsidiaries and affiliates

No significant disposal of subsidiaries or affiliates occurred during the years ended March 31, 2010 and 2009.

Restructuring costs

Year ended March 31, 2010

The Group has launched a voluntary redundancy plan of 1 700 employees for its subsidiary Air France. The period during which applications for the plan will be made opened at the beginning of the 2009-10 fourth quarter and is closed on May 14, 2010. The Group estimates that the provision necessary to cover the net cost before tax of departures amounts to €148 million. The departures will mainly take place in 2010.

Loss on aircraft held for sale

As of March 31, 2010, this line includes the impact of the fair value adjustments of ten B747 amounting to €(62) million. Seven of these aircraft are held for sale, the three others, which in a first time were supposed to be sold, are actually kept in service.

As of March 31, 2009, this line comprises the impact of depreciation to fair value of aircraft held for sale amounting to €(54) million (see note 13).

Other

As of March 31, 2009, this line comprised the impact of the change in French law concerning pensions amounting to €(17) million.

11. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

In € millions **Year ended March 31,**	**2010**	**2009**
Income from marketable securities	14	88
Other financial income	32	32
Financial income	**46**	**120**
Loan interest	(136)	(144)
Lease interest	(49)	(51)
Capitalized interest	30	49
Other financial expenses	(17)	(14)
Cost of financial debt	**(172)**	**(160)**
Net cost of financial debt	**(126)**	**(40)**
Foreign exchange gains (losses), net	(37)	(126)
Change in fair value of financial assets and liabilities	(124)	(505)
Net (charge) release to provisions	(7)	(1)
Other	-	(2)
Other financial income and expenses	**(168)**	**(634)**
Total	**(294)**	**(674)**

The interest rate used in the calculation of capitalized interest is 3.77% for the year ended March 31, 2010 and 5.00% for the year ended March 31, 2009.

The financial income mainly comprises interest income and gains on sale of financial assets at fair value through profit and loss.

By a decision made on January 8, 2010, the Venezuela decided the depreciation of its currency, the Venezuelan Bolivar. The measure took place on January 11, 2010. Based on its monetary outstanding in Venezuela, the Group recorded a foreign exchange loss of €17 million as of March 31, 2010.

The change in fair value of financial assets and liabilities recorded as of March 31, 2010 arose mainly from the variation in the ineffective portion of fuel and foreign currency exchange derivatives amounting to €(138) million, together with the change in value of derivative instruments no longer qualified as hedging amounting to €12 million.

The change in fair value of financial assets and liabilities recorded as of March 31, 2009 arose mainly from the variation in the ineffective portion of fuel and foreign currency exchange derivatives amounting to €(244) million, together with from the change in value of derivative instruments no longer qualified as hedging amounting to €(261) million.

12. INCOME TAXES

12.1. Income tax charge

Current and deferred income taxes are detailed as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Current tax (expense) / income	**(11)**	**(11)**
(Charge) / income for the year	(11)	(11)
Deferred tax income / (expense) from continuing operations	**452**	**388**
Change in temporary differences	(216)	73
CAVE impact	31	-
Change in tax rate	-	-
(Use) / recognition of tax loss carry-forwards	637	315
Income tax (expense) / income from continuing operations	**441**	**377**

The current tax charge relates to the amounts paid or payable in the short term to the tax authorities in respect of the financial year, in accordance with the regulations prevailing in various countries and any applicable treaties.

During the years ended March 31, 2010 and 2009, the Group recognized a deferred tax asset amounting to €637 million and €315 million respectively given the gains previously realized and the prospects of recoverability.

Impact of the reform of the business tax

The 2010 Finance Law voted on December 30, 2009, has removed the business tax liability for French fiscal entities from January 1, 2010 and replaced it with, the new TEC (Territorial Economic Contribution / Contribution Economique Territoriale – CET) which is formed by two contributions: the LDE (land tax of enterprises / Cotisation Foncière des Entreprises - CFE) and the CAVE (Contribution on Added Value of Enterprises / Cotisation sur la Valeur Ajoutée des Entreprises – CVAE). This one is calculated by the application of a rate to the added value generated by the company during the year. As the added value is a net amount of income and expenses, the CAVE meets the definition of a tax on profits as set out in IAS 12.2. Consequently the expense relating to the CAVE will be presented under the line “tax”.
With the period ending March 31, 2010 and conforming to the measures set out in IAS 12, the qualification of the CAVE as a tax on profits has lead the Group to account for the CAVE expense of €37 million, which corresponds to:

- a CAVE deferred charge relating to the temporary differences in existence at December 31, 2009. This deferred tax liability will be recovered as the temporary difference are reduced
- a CAVE current charge which will be paid in 2010 based on the added value generated during the period ended March 31, 2010.

12.2. Deferred tax recorded directly in equity

In € millions **Year ended March 31,**	**2010**	**2009**
Cash flow hedge	(337)	1 043
Total	**(337)**	**1 043**

12.3. Effective tax rate

The difference between the standard tax rate in France and the effective tax rate is detailed as follows:

In € millions **Year ended March 31,**		**2010**		**2009**
Income before tax		(1 533)		(998)
Theoretical tax calculated with the standard tax rate in France	34,43%	(528)	34,43%	(343)
Differences in French / foreign tax rates		40		6
Non deductible expenses		12		7
Income taxed at non-current tax rates		-		(1)
Non-taxable income		-		(2)
Impact of tax loss carryforwards		5		(45)
CAVE impact		37		-
Other		(7)		1
Income tax expenses	28,77%	**(441)**	37,78%	**(377)**

The tax rate applicable in France is 34.43%, unchanged relative to the previous financial year.

12.4. Unrecognized deferred tax assets (basis)

In € millions **Year ended March 31,**	**2010**	**2009**
Temporary differences	28	10
Tax losses	266	242
Total	**294**	**252**

As of March 31, 2010, unrecognized deferred tax assets mainly correspond to a portion of the tax loss carry forwards of Air France Group subsidiaries in Air France-KLM fiscal group, as well as, tax loss carry forwards in certain subsidiaries in the United Kingdom.

In France, tax losses can be carried forward for an unlimited period.

12.5. Deferred tax recorded on the balance sheet

In € millions	**April 1, 2009**	**Amounts recorded in income**	**Amounts recorded in equity**	**Currency translation adjustment**	**Reclassification**	**March 31, 2010**
Flight equipment	949	151	(1)	-	-	1 099
Other non-current assets	204	(142)	(44)	-	-	18
Other current assets	(94)	129	(45)	-	-	(10)
Long-term debt	(427)	(40)	-	-	-	(467)
Deferred revenue on ticket sales	(209)	3	-	-	-	(206)
Other non-current liabilities	(584)	249	217	-	-	(118)
Deferred tax corresponding to fiscal losses	(467)	(637)	-	-	-	(1 104)
Others	(137)	(165)	210	-	1	(91)
Deferred tax (Asset) / Liability	**(765)**	**(452)**	**337**	**-**	**1**	**(879)**

In € millions	**April 1, 2008 (adjusted)**	**Amounts recorded in income**	**Amounts recorded in equity**	**Currency translation adjustment**	**Reclassifi cation**	**March 31, 2009**
Flight equipment	927	117	(95)	-	-	949
Other non-current assets	415	(93)	(118)	-	-	204
Other current assets	461	(75)	(480)	-	-	(94)
Long-term debt	(370)	(57)	-	-	-	(427)
Deferred revenue on ticket sales	(224)	15	-	-	-	(209)
Other non-current liabilities	(322)	67	(329)	-	-	(584)
Deferred tax corresponding to fiscal losses	(152)	(315)	-	-	-	(467)
Others	(70)	(47)	(21)	-	1	(137)
Deferred tax (Asset) / Liability	**665**	**(388)**	**(1 043)**	**-**	**1**	**(765)**

13. ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

- **Year ended March 31, 2010**

During the 2009-10 financial year, three of the seven aircraft classified as "assets held for sale" last year, have been sold, dismantled or restituted for one of them which was under operational lease. Four additional aircraft have been classified as "assets held for sale".
The fair value of these 8 aircraft classified in this line as of March 31, 2010 amounts to € 93 million.

As of March 31, 2010, the line "liabilities related to assets held for sale" includes pre-payment received for the sale of 4 aircraft classified as "assets held for sale".

The line "other non-current income and expense" (see note 10) includes a charge of €48 million. It corresponds to the impact of the fair value adjustment of aircraft.

- **Year ended March 31, 2009**

During the 2008-09 financial year, within the context of the global financial crisis and the sharp decline in traffic, the Group decided to ground seven aircraft, of which six held for sale and one operated under an operating lease.
The fair values of these six aircraft amounted to €93 million and were reclassified on the balance sheet as "assets held for sale".

The provision for future lease payments on the aircraft under operating lease amounting to €7 million was reclassified as "liabilities related to assets held for sale".

The impact on the income statement recorded in "other non-current income and expense" (see note 10) amounted to €(54) million and mainly comprised an additional €(47) million write-down, and the provision for lease payments of €(7) million.

14. EARNINGS PER SHARE

14.1. Income for the period – Group share per share

Year ended March 31,	2010	2009
Income for the period – Group share (in € millions)	(1 093)	(622)
Number of shares issued	126 748 775	126 748 775
Income for the period – Group share basic and diluted by share (in euros)	**(8.62)**	**(4.91)**

14.2. Non dilutive instruments

As of March 31, 2010 and 2009, there were no non-dilutive instruments.

14.3. Instruments issued after the closing date

No instruments were issued after the closing date.

15 . GOODWILL

Detail of consolidated goodwill

In € millions	2010			2009		
Year ended March 31,	**Gross value**	**Impairment**	**Net value**	**Gross value**	**Impairment**	**Net value**
UTA	112	-	112	112	-	112
Régional	60	-	60	60	-	60
Britair	18	-	18	18	-	18
CityJet	11	-	11	11	-	11
VLM	168	-	168	168	-	168
Aeromaintenance Group	21	-	21	21	-	21
Others	11	-	11	10	-	10
Total	**401**	-	**401**	**400**	**-**	**400**

The goodwill concerns mainly the business “Passenger”.

Movement in net book value of goodwill

In € millions **Year ended March 31,**	**2010**	**2009**
Opening balance	**400**	**377**
Acquisitions	1	15
Reclassification	-	8
Closing balance	**401**	**400**

During the year ended March 31, 2009, the Group acquired additional shares in Aeromaintenance Group, from the percentage held increasing from 39.47% to 81.79% as of March 31, 2009. Aeromaintenance Group was consolidated by the equity method in the Group’s consolidated financial statements until March 31, 2009 and from this date integrated globally. The historical goodwill, amounting to €8 million, was thus transferred from “Investments in equity associates” to “goodwill” and €13 million of goodwill on the acquisition of the additional shareholding was recorded for €13 million.

16. INTANGIBLE ASSETS

In € millions **Year ended March 31,**	**2010**	**2009**
Gross value		
Amount in the beginning of the period	326	251
Additions	74	77
Disposals	(6)	(2)
Transfer	2	-
Change in scope	(1)	-
Amount at the end of the period	395	326
Depreciation		
Amount in the beginning of the period	(176)	(156)
Charge to depreciation	(25)	(20)
Transfer	2	-
Reclassification	4	-
Amount at the end of the period	(195)	(176)
Net value at the end of the period	**200**	**150**

Intangible assets of the Group are mainly software.

17. TANGIBLE ASSETS

In € millions	**Flight equipment**	**Other tangible assets**	**Total**
Gross value			
Amounts as of March 31, 2008	**11 404**	**3 348**	**14 752**
Additions	1 118	323	1 441
Disposals	(396)	(82)	(478)
Changes in consolidation scope	-	9	9
Fair value hedge	(380)	1	(379)
Transfer	(151)	(10)	(161)
Currency translation adjustment	-	-	-
Amounts as of March 31, 2009	**11 595**	**3 589**	**15 184**
Additions	1 198	180	1 378
Disposals	(1 401)	(148)	(1 549)
Changes in consolidation scope	-	(6)	(6)
Fair value hedge	(10)	-	(10)
Transfer	(338)	12	(326)
Currency translation adjustment	-	1	1
Amounts as of March 31, 2010	**11 044**	**3 628**	**14 672**
Depreciation			
Amounts as of March 31, 2008	**(3 003)**	**(1 899)**	**(4 902)**
Charge to depreciation	(905)	(200)	(1 105)
Releases on disposal	379	78	457
Changes in consolidation scope	-	(3)	(3)
Transfer	46	-	46
Currency translation adjustment	-	1	1
Amounts as of March 31, 2009	**(3 483)**	**(2 023)**	**(5 506)**
Charge to depreciation	(914)	(209)	(1 123)
Releases on disposal	506	143	649
Changes in consolidation scope	-	3	3
Transfer	278	(3)	275
Currency translation adjustment	-	(1)	(1)
Amounts as of March 31, 2010	**(3 613)**	**(2 090)**	**(5 703)**
Net value			
As of March 31, 2009	**8 112**	**1 566**	**9 678**
As of March 31, 2010	**7 431**	**1 538**	**8 969**

Note 33 details the amount of pledged tangible assets.

Commitments to property purchases are detailed in notes 32 and 33.

The net book value of tangible assets financed under capital lease amounted to €1 386 million as of March 31, 2010 against €1 193 million as of March 31, 2009.

As of March 31, 2010, the Group has recorded an additional write-down amounting to €(67) million in "Other non-current income and expenses" (see note 13).

As of March 31, 2009, the Group has recorded an additional write-down amounting to €(47) million in "Other non-current income and expenses" (see note 13).

18. CAPITAL EXPENDITURE

The detail of capital expenditures for tangible and intangible assets presented in the consolidated cash flow statements is as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Acquisition of tangible assets	1 378	1 441
Acquisition of intangible assets	74	76
Accounts payable on acquisitions and capitalized interest	(1)	(61)
	1 451	**1 456**

19. EQUITY AFFILIATES

Movements over the period

The table below presents the movement in equity affiliates:

In € millions	**Total**
Value of share in investment as of March 31, 2008	**31**
Share in net income of equity affiliates	1
Distributions	(2)
Change in consolidation scope	(6)
Others	7
Value of share in investment as of March 31, 2009	**31**
Share in net income of equity affiliates	-
Distributions	-
Change in consolidation scope	2
Others	7
Value of share in investment as of March 31, 2010	**40**

As of March 31, 2010, the ownership structure of WAM Acquisition was as follows: 22.11% Air France, 11.06% Iberia, 11.06% Lufthansa, 50.42% Amadelux Investments and 5.35% management.

As of March 31, 2009, the ownership structure of WAM Acquisition was as follows: 22.09% Air France, 11.05% Iberia, 11.05% Lufthansa, 50.39% Amadelux Investments and 5.42% management.
Given that the WAM Acquisition equity shares, on which the Group exercises a significant influence, have a nil value in the balance sheet, they are not included in the amount of €31 million as of March 31, 2009.

Simplified financial statements of WAM Acquisition (group which does not publish consolidated accounts)

WAM Acquisition is the holding company of the Amadeus group. The Amadeus group develops booking tools and technology solutions dedicated to business and leisure travel. This expertise makes it the global partner of choice for travel agents, rail and airline operators, hotel chains and car rental companies. Furthermore, the Amadeus group also partners businesses involved in the reservation and management of business travel.

The financial information for WAM Acquisition are financial data excluding consolidation adjustments.

In € millions	**WAM Acquisition (Amadeus GTD)**
	31/12/2008
% holding as of March 31, 2009	22%
Operating revenues	2 505
Operating income	557
Net income / loss	184
Stockholders' equity	(539)
Total assets	5 505
Total liabilities and stockholders' equity	5 505
	31/12/2009
% holding as of March 31, 2010	22%
Operating revenues	2 461
Operating income	550
Net income / loss	272
Stockholders' equity	(278)
Total assets	5 562
Total liabilities and stockholders' equity	5 562

Other information

The share of WAM Acquisition's income not recorded in the Group's consolidated financial statements amounts to €60 million for the year ended March 31, 2010 (€41 million for the year ended March 31, 2009). Given the negative net equity after neutralization of the sum reinvested by the Air France Group, its contribution to the consolidated financial statements is nil.

20. Other financial assets

In € millions **Year ended March 31,**	**2010**		**2009**	
	Current	**Non current**	**Current**	**Non current**
Financial assets available for sale				
Shares	-	47	-	38
Assets at fair value through profit and loss				
Marketable securities	103	-	30	-
Loans and receivables				
Financial lease deposit	4	343	9	331
Loans and receivables	10	210	13	205
Miscellaneous financial assets	17	-	9	-
Gross value	**134**	**600**	**61**	**574**
Impairment at opening	**-**	**(56)**	**-**	**(55)**
New impairment charge	-	-	-	(1)
Use of provision	-	-	-	-
Impairment at closing	**-**	**(56)**	**-**	**(56)**
Total	**134**	**544**	**61**	**518**

Fair value of financial assets available for sale amounts to €47 million as of march 31, 2010, whose 29% corresponds to listed companies and 71% to non-listed companies.

Fair value of financial assets available for sale amounts to €38 million as of march 31, 2009, whose 11% corresponds to listed companies and 89% to non-listed companies.

Assets at fair value through profit and loss mainly comprise shares in mutual funds that do not meet the "cash equivalents" definition.

Loans and receivables mainly include deposits on flight equipment made within the framework of operating and capital leases.

21. INVENTORY AND WORK IN PROGRESS

In € millions **Year ended March 31,**	**2010**	**2009**
Aeronautical spare parts	375	361
Other supplies	75	73
Production work in progress	6	5
Gross value	**456**	**439**
Opening valuation allowance	**(107)**	**(114)**
Charge to allowance	(7)	(3)
Use of allowance	3	10
Releases of allowance no longer required	-	-
Reclassification	-	-
Closing valuation allowance	**(111)**	**(107)**
Net value of inventory	**345**	**332**

22. TRADE ACCOUNTS RECEIVABLE

In € millions **Year ended March 31,**	**2010**	**2009**
Airlines	482	476
Other clients:		
* Passenger	684	636
* Cargo	179	146
* Maintenance	182	173
* Other	119	46
Gross value	**1 646**	**1 477**
Opening valuation allowance	**(68)**	**(63)**
Charge to allowance	(13)	(20)
Use of allowance	11	17
Reclassification	-	(2)
Closing valuation allowance	**(70)**	**(68)**
Net value	**1 576**	**1 409**

23. OTHER ASSETS

In € millions **Year ended March 31,**	**2010**		**2009**	
	Current	**Non current**	**Current**	**Non current**
Suppliers with debit balances	74	-	51	-
French State receivable	70	-	82	-
Derivative instruments	101	52	264	586
Group and associates	21	-	42	-
Prepayments	180	-	169	1
Other debtors	119	-	137	-
Gross value	**565**	**52**	**745**	**587**
Opening valuation allowance	**(6)**	**-**	**(4)**	**-**
Charge to allowance	(1)	-	(2)	-
Use of allowance	1	-	-	-
Reclassification	2	-	-	-
Closing valuation allowance	**(4)**	**-**	**(6)**	**-**
Net realizable value of other assets	**561**	**52**	**739**	**587**

24. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

In € millions **Year ended March 31,**	**2010**	**2009**
Negotiable debt securities (assets at fair value through profit and loss)	-	48
Mutual funds (SICAV) (assets at fair value through profit and loss)	1 396	1 298
Bank deposits (assets at fair value through profit and loss)	123	606
Cash in hand	252	260
Total cash and cash equivalents	**1 771**	**2 212**
Bank overdrafts	(116)	(282)
Cash, cash equivalents and bank overdrafts	**1 655**	**1 930**

25. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE

25.1. Issued capital

As of March 31, 2010 and 2009, the issued capital of Air France comprised 126 748 775 fully paid-up shares. Each share is entitled to one vote. The nominal value of each share amounts to €15. The company is 100% held by Air France-KLM company.

25.2. Additional paid-in capital

€30 million of additional paid-in capital is the result of the partial contribution of assets on September 15, 2004.

25.3. Reserves and retained earnings

In € millions **Year ended March 31,**	**2010**	**2009**
Legal reserve	67	67
Distributable reserve	-	904
Derivatives and available for sale securities reserves	(186)	(836)
Other reserves	1 605	1 298
Net income (loss) – Group share	(1 093)	(622)
Total	**393**	**811**

As of March 31, 2010, the legal reserve of €67 million represented 4% of Air France's issued capital. French company law requires that a limited company (*société anonyme*) allocates 5% of its unconsolidated statutory net income each year to this legal reserve until it reaches 10% of the Group's issued capital. The amount allocated to this legal reserve is deducted from the distributable income for the current year. This restriction on the payment of dividends also applies to each of the French subsidiaries on an individual statutory basis.

The legal reserve of any company subject to this requirement may only be distributed to shareholders upon liquidation of the company.

26. SHARE BASED COMPENSATION

Outstanding share-based compensation plans as of March 31, 2010 are as follows:

Plans	Grant date	Number of shares granted	Start date for option exercise	Date of expiry	Exercise price (euros)	Number of shares exercised as of 31/03/2010
Other plans						
Air France - ESA (*) 1998 pilots	01/05/1999	15 023 251	N/A	31/05/1999	14	15 023 251
Air France - KLM – ESA(*) 2003	01/02/2005	12 612 671	N/A	21/02/2005	14	12 612 671

(*) ESA: Shares-for-salary exchange

26.1. Plans granted prior to November 7, 2002

In accordance with the transitional provisions of IFRS 2, only plans granted after November 7, 2002 and not yet vested as of April 1, 2004 have been valued and recorded as salary expense. IFRS 2 is therefore not applicable to this plan.

On October 28, 1998, Air France signed an agreement granting Air France shares to pilots in return for a reduction in salary (these shares being granted by the French State, the major shareholder at the time). The offer was launched on May 1, 1999 and closed on May 31, 1999. By the end of the offer, 15 023 251 shares were allocated to pilots. Payment for these shares, priced at €14, was to be made through a reduction in salary spread over (i) a 7-year period for 10 263 001 shares and (ii) the remaining career of pilots for the remaining 4 760 250 shares.

26.2. Plans granted after to November 7, 2002

Air France 2003 Shares-for-salary exchange

On February 1, 2005, the Group launched a Shares-for-Salary Exchange scheme, in which all Air France employees residing in France were offered the opportunity to purchase Air France-KLM shares at a price of €14 per share in exchange for wage concessions over a 6-year period. The offer was limited to a maximum of 13 186 853 ordinary shares. At the date the offer was closed, i.e. February 21, 2005, Air France employees had acquired 12 612 671 Air France-KLM shares.

These shares were granted by the French State, the largest Air France-KLM shareholder, subject to a €110 million payment made by the Group in April 2007.

The wage concessions cover the period from May 2005 to May 2011.

In the event an employee leaves the Group prior to the end of the 6-year period, the unvested and irredeemable shares are returned to Air France which, in turn, returns them to the French State. The fair value of the services provided under the Shares-for-Salary Exchange scheme was calculated on the basis of the market price of the Air France-KLM share on the date the offer was closed, namely €14.30 and amounts to €180 million. The corresponding salary expense covers the acquisition period of voting rights from May 2005 to May 2011. Each installment, corresponding to the annual decrease of salary, is treated as a separate award. The ESA 2003 plan share-based payment is therefore recognized on a straight-line basis over the requisite service period for each separately vested portion.

27. PROVISIONS AND RETIREMENT BENEFITS

In € millions		Retirement benefits note 27.1	Restitution of aircraft	Restruc-turing	Litigation	Others	Total
Amount as of March 31, 2008		**524**	**324**	**6**	**410**	**94**	**1 358**
Of which:	*non-current*	*524*	*226*	*-*	*203*	*93*	***1 046***
	current	*-*	*98*	*6*	*207*	*1*	***312***
New provision		130	163	5	21	24	**343**
Use of provision		(48)	(92)	(3)	(155)	(27)	**(325)**
Reversal of unnecessary provisions		-	-	-	-	-	**-**
Currency translation adjustment		2	3	-	-	-	**5**
Change in scope		1	-	-	-	-	**1**
Discount impact		-	-	-	-	-	**-**
Reclassification		5	(12)	-	(47)	(7)	**(61)**
Amount as of March 31, 2009		**614**	**386**	**8**	**229**	**84**	**1 321**
Of which:	*non-current*	*614*	*248*	*-*	*67*	*83*	***1 012***
	current	*-*	*138*	*8*	*162*	*1*	***309***
New provision		101	123	189	23	42	**478**
Use of provision		(6)	(125)	(3)	(13)	(31)	**(178)**
Reversal of unnecessary provisions		-	-	(3)	(2)	-	**(5)**
Currency translation adjustment		3	-	-	-	-	**3**
Change in scope		-	-	-	-	-	**-**
Discount impact		-	-	-	-	-	**-**
Reclassification		-	(27)	1	(7)	21	**(12)**
Amount as of March 31, 2010		**712**	**357**	**192**	**230**	**116**	**1 607**
Of which :	*non-current*	*712*	*217*	*1*	*37*	*114*	***1 081***
	current	*-*	*140*	*191*	*193*	*2*	***526***

Movements in provisions for retirement benefits which have an impact on the income statement are recorded in “salaries and related costs”.
As of March 31, 2010, the impact of the voluntary redundancy plan of Air France on “retirement benefits” has been recorded in “Other non-current income and expenses” (see note 10).
As of March 31, 2009, the impact of change in French pension legislation has been recorded in “Other non-current income and expenses” (see note 10).
Movements in provisions for restructuring which have an impact on the income statement are recorded in “other non-current income and expenses” when the plans concerned have a material impact.
Movements in provisions for restitution of aircraft which have an impact on the income statement are recorded in “provisions” except for the discount impact which is recorded in “other financial income and expenses”.
Movements in provisions for litigation and in provisions for other risks and charges which have an impact on the income statement are recorded, depending on their nature, in the different lines of the income statement.

27.1. RETIREMENT BENEFITS

The Group has a large number of retirement and other long-term benefits plans for its employees. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the particular country in which the employees are located. Several of the plans are defined benefit plans.

Actuarial assumptions used

Actuarial valuations of the Group's benefit obligation were computed as of March 31, 2010 and 2009. These calculations include:

- Assumptions on staff turnover, life expectancy and salary inflation.
- A retirement age of 55 to 65 depending on localization and the applicable laws.
- Discount rates used to determine the actuarial present value of the projected benefit obligations. The discount rates for each geographical area are determined according to the duration of each plan and applying the average of the main indices published. The main part of the Group obligation is in the Euro zone.

Year ended March 31,	2010	2009
Euro zone	Between 3.0% and 5.0%	Between 4.5% and 5.5%

- The expected long-term rates of return for plan assets are as follows:

Year ended March 31,	2010	2009
Euro zone	Between 3.2% and 6.8%	Between 4.0% and 7.0%

The expected average long-term rates of return for plan assets have been determined based on the expected long-term rates of return of the different asset classes: equities, bonds, real estate or other, weighted according to the asset allocation strategy in these schemes.

On average, the main assumptions used in the actuarial valuations of obligations are summarized below:

Year ended March 31,	Pension benefits		Other benefits	
	2010	2009	2010	2009
Discount rate	4.8%	5.6%	6.0%	6.0%
Salary inflation rate	0.8%	1.1%	-	-
Expected long-term rate of return on plan assets	6.7%	6.6%	-	-

Changes in benefit obligations

The following table details the reconciliation between the benefits obligation and plan assets of the Group and the amounts recorded in the financial statements for the years ended March 31, 2010 and 2009.

(In € millions)	Pension benefits		Other benefits	
	2009-10	**2008-09**	**2009-10**	**2008-09**
Benefit obligation at beginning of year	**2 145**	**2 144**	**3**	**4**
Service cost	56	58	-	-
Interest cost	118	120	-	-
Employees' contribution	1	2	-	-
Plan amendments	(28)	14	-	-
Change of scope	-	-	-	-
Settlements / curtailments	(48)	(1)	-	-
Benefits paid	(188)	(155)	(1)	(1)
Actuarial loss / (gain)	115	(39)	-	-
Currency translation adjustment	9	2	1	-
Benefit obligation at end of year	**2 180**	**2 145**	**3**	**3**
Including benefit obligation resulting from schemes totally or partly financed	*2 112*	*2 078*	-	-
Including not-financed benefit obligation	*68*	*67*	*3*	*3*
Fair value of plan assets at beginning of year	**1 059**	**1 262**	-	-
Actual return on plan assets	190	(100)	-	-
Employers' contributions	-	40	-	-
Employees' contributions	1	2	-	-
Change of scope	-	-	-	-
Settlements / curtailments	-	-	-	-
Benefits paid	(180)	(149)	-	-
Currency translation adjustment	12	4	-	-
Fair value of plan assets at end of year	**1 082**	**1 059**	**-**	**-**
Funded status	(1 098)	(1 086)	(3)	(3)
Unrecognized prior service cost	181	242	-	-
Unrecognized actuarial (gains) / losses	234	259	-	-
Prepaid (accrued) pension cost	**(683)**	**(585)**	**(3)**	**(3)**
Amounts recorded in the balance sheet(*) :				
Pension asset	26	27	-	-
Provision for retirement benefits	(709)	(612)	(3)	(3)
Net amount recognized	**(683)**	**(585)**	**(3)**	**(3)**
Net periodic cost :				
Service cost	56	58	-	-
Interest cost	118	120	-	-
Expected return on plan assets	(66)	(82)	-	-
Settlement / curtailment	(36)	(1)	-	-
Amortization of prior service cost	21	34	-	-
Amortization of unrecognized actuarial (gain) loss	12	1	-	-
Other	-	-	-	-
Net periodic cost	**105**	**130**	**-**	**-**

(*) Except for those pension plans for which the balance is a net asset fully recorded as a non-current asset, all the obligations are recorded as non-current liabilities.

The benefit obligation, fair value of plan assets and experience adjustments are as follows:

In € millions	**Benefit obligation**	**Fair value of plan assets**	**Funded status**	**Experience adjustments on**	
				Benefit obligation	**Plan asset**
As of March 31, 2007	2 227	1 182	1 045	(7)	(39)
As of March 31, 2008	2 148	1 262	886	(32)	(135)
As of March 31, 2009	2 148	1 059	1 089	(18)	(182)
As of March 31, 2010	2 183	1 082	1 101	4	124

Asset allocation

The weighted average allocation of the funds invested in Group pension plans as of March 31, 2010 and 2009 is as follows:

Year ended March 31,	Funds invested	
	2010	**2009**
Equities	35%	30%
Bonds	54%	56%
Real estate	1%	1%
Insurer assets	9%	7%
Short-term investments	1%	5%
Other	-	1%
Total	**100%**	**100%**

Expected cash outflows

The table below shows the expected cash outflows on pensions and other post-employment benefits, as of March 31, 2010, over the next ten years:

In € millions	**Pensions and similar benefits**
Estimated contribution to be paid in 2010-11	38
Estimated benefit payments as of March 31:	
2011	123
2012	132
2013	132
2014	146
2015	153
2016-2020	907

27.2. OTHER PROVISIONS

Provision for litigation with third parties

An assessment of litigation risks with third parties was carried out with the group’s attorneys and provisions have been recorded whenever circumstances rendered it necessary.
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 challenge a tax position adopted by the Group or one of its subsidiaries.

In the normal course of its activities, the Group is involved in litigations some of which may be significant.

Provision for restructuring

The provision for restructuring as of March 31, 2010 mainly includes the provision for the Air France voluntary redundancy plan (see note10).

Litigations concerning anti-trust laws

a) In the air-freight industry

a.1) Investigation by the anti-trust authorities

Air France company is involved, since February 2006, with twenty-seven other airlines in investigations initiated by the anti-trust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted action in the air-freight industry.

The proceedings initiated in the United-States, Australia and Canada resulted, during financial year 2008-09, in Plea Agreements made with the appropriate agencies, and the payment of fines putting an end to those proceedings.
Air France company accordingly paid a total fine of US dollars 210 million (€ 133 million) in the United-States, Australian dollars 3 million (€ 1.8 million) in Australia, and Canadian dollars 4 million (€ 2.5 million) in Canada.

Air France is still exposed to investigations proceedings in Europe, in South Korea, in Switzerland, in Brazil and in South Africa:

- In Europe, the European Commission in its new composition should boost the adoption of a decision procedure which had been suspended by the former Commission. A decision is expected during the third quarter of 2010. The provision recorded in the books as of March 31, 2009 is the best estimation of the risk as of March 31, 2010.
- In South Korea, Air France received in late 2009, with twenty-seven other airlines, notices of charges from the Korean anti-trust authority (KFTC) for allegations of anti-competitive agreements on the fuel surcharge. The company has disputed these allegations, pointing out that the practices concerned were consistent with their obligations under the bilateral air-traffic agreements between France and South Korea and under the South Korean civil-aviation code.
- The proceedings in Switzerland, Brazil and South Africa are still pending as of March 31, 2010. They have not been provided against, as Air France is unable, in the current state of the proceedings, to evaluate its exposure. Having regard to the revenues involved, these risks are not individually significant.

a.2) Civil suits

Pursuant to the initiation in February 2006 of the various competition authorities' investigations, class actions were brought by forwarding agents and air-freight shippers in the United-States and Canada against Air France and the other freight carriers.

The plaintiffs allege the existence of an unlawful agreement among air-freight carriers since February 1, 2000 in the setting of freight charges, including various surcharges collected by such carriers. They accordingly claim from those carriers, in addition to the reimbursement of attorneys' fees, damages in an amount not specified to date, and indemnities of three times those damages.
In the United-States, the proceedings have been centralized before the Eastern District Court of New York.

In August 2009, the District Judge dismissed the plaintiffs' claims based on breach of EU competition law. He also dismissed the claims from the "indirect purchasers" (i.e., the freight shippers having acquired air-carriage

services from the forwarding agents and not directly from the airlines).
However, he held the direct purchasers' claims based on breach of US federal anti-trust law to be admissible.
The judge also permitted the initiation of discovery proceedings, requiring the parties to collect and exchange data to be used in evidence.

The provision recorded in the books as of March 31, 2010 represents the best estimation of the risk supported by Air France as of this date.

b) In the air-transport industry (passengers)

b.1) Investigation of the European Commission of the air-transport industry (passengers) between Europe and Japan

Air France, like other air carriers, were subjected on March 11, 2008 to searches and seizures in connection with an investigation by the European Commission of possible anti-competitive agreements or concerted practices in the area of air-transport services (passengers) between the States parties to the agreement on the European Economic Area and Japan.

On February 13, 2009, Air France replied to a questionnaire from the Commission pointing out the background of air-traffic relations between France and Japan. These relations are governed by bilateral agreements requiring the approval of fares by the civil-aviation authorities in the States concerned after agreement among the air carriers designated pursuant to such agreements.
A second questionnaire was sent to the Group by the European Commission on October 1, 2009. To date, Air France is unable to state an opinion regarding the action that will be taken in connection with such enquiries by the European Commission.

b.2) Civil suits

During 2008, two class actions were brought in the United-States against several air carriers including Air France for damage caused by an alleged anti-competitive agreement with respect to surcharges and fares on routes between Europe and Japan and on transatlantic routes.

The two class actions were dismissed respectively in October 2009 by the judge of the Eastern District Court of Pennsylvania and on April 5, 2010 by the judge of the Eastern District Court of New York.

During 2009, Air France was subpoenaed in a class action involving all the airlines working transpacific routes between the United-Sates and Asia/Oceania, on the basis of allegations of price fixing on such routes.

As in the earlier cases, Air France denies these allegations. Air France accordingly filed motions to dismiss in February 2010.

Other provisions

Other provisions are mainly provisions for power-by-hour contracts (maintenance activity of the Group).

27.3. CONTINGENT LIABILITIES

Air France is involved in a number of governmental, legal and arbitrage procedures for which provisions have not necessarily been recorded in the financial statements.

a) Pretory

Air France company, as a legal entity, was placed under investigation on July 20, 2006 on charges of concealed employment and as an accessory to misuse of corporate assets in connection with a judicial investigation initiated against the officers of Pretory, a company with which Air France, pursuant to the 9/11 attacks, had entered into an agreement for the provision of safety officers on certain flights.

The airline immediately filed a motion with the Paris Court of Appeal for annulment of the implication in the investigation notified to it. Though that motion was denied, the company Air France intends to challenge its implication in this case.

b) Rio-Paris AF447 flight

Pursuant to the crash of the Rio-Paris AF 447 flight in the South Atlantic, various legal actions have been brought in the USA and Brazil by the victims' heirs.

In the USA, individual claims in tort have been brought against Air France, Airbus, Honeywell, Rockwell, Intel and Thalès.
In Brazil, similar claims have been brought against Air France.
All these proceedings are aimed at collecting damages as reparation for the losses suffered by the heirs of the passengers deceased in the crash. The civil consequences of the crash are covered by Air France's third-party-liability insurance policy.

To the best of the knowledge of Air France, there is no other dispute, arbitration or non-recurring event that could have or has had in the recent past a significant impact on the group's financial position, earnings or assets and liabilities.

Except for the matters specified under the paragraphs 27.2 and 27.3, the company is not aware of any governmental, judicial or arbitration proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have or have recently had a significant impact on the issuer's and/or Group's financial position or profitability, during a period including the past twelve months at least.

28. FINANCIAL DEBT

In € millions **Year ended March 31,**	**2010**	**2009**
Repackaged perpetual loans	-	-
OCEANE (convertible bonds)	450	450
Bonds	750	750
Capital lease obligations (non current portion)	1 429	1 304
Other debt (non current portion)	1 944	1 631
Non current financial debt	**4 573**	**4 135**
Repackaged perpetual loans	-	-
Capital lease obligations (current portion)	132	134
Accrued interest	42	50
Other debt (current portion)	1 171	705
Current financial debt	**1 345**	**889**

28.1. OCEANE (Convertible bonds)

On April 22, 2005, the company Air France issued convertible bonds maturing in 15 years. The conversion option allows for conversion and/or exchange at any time into new or existing Air France-KLM shares (OCEANE).
21,951,219 bonds were issued for a total amount of €450 million. Each bond has a nominal value of €20.50. As of March 31, 2010, the conversion ratio is 1.03 Air France-KLM shares for one bond.

The maturity date for this convertible bond is April 1, 2020. Bonds holders may ask for reimbursement as of April 1, 2012 and April 1, 2016. Air France holds a call option triggering early cash reimbursement which can be exercised starting April 1, 2010 under certain conditions prompting OCEANE holders to convert into Air France-KLM shares. The annual coupon is 2.75% payable in arrears at the end of each period ended April 1.
The conversion period of these bonds runs from June 1, 2005 to March 23, 2020, except early reimbursement.

28.2. Bonds

On September 11, 2006 and April 23, 2007, the company Air France, a subsidiary of the Air France-KLM Group, issued bonds for a total amount of €750 million, maturing on January 22, 2014 and bearing annual interest rate of 4.75%.

28.3. Capital lease commitments

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

As of March 31, *In € millions*		**2010**	**2009**
Aircraft			
Future minimum lease payments – due dates			
Y+1		133	128
Y+2		302	116
Y+3		128	117
Y+4		187	120
Y+5		193	172
Over 5 years		497	677
Total		**1 440**	**1 330**
Including:	Principal	1 226	1 079
	Interests	214	251
Buildings			
Future minimum lease payments – due dates			
Y+1		35	33
Y+2		34	33
Y+3		31	33
Y+4		31	32
Y+5		31	30
Over 5 years		107	132
Total		**269**	**293**
Including:	Principal	202	217
	Interests	67	76
Other property, plant and equipment			
Future minimum lease payments – due dates			
Y+1		30	27
Y+2		12	14
Y+3		12	14
Y+4		12	14
Y+5		12	14
Over 5 years		150	191
Total		**228**	**274**
Including:	Principal	133	142
	Interests	95	132

The lease expenses over the period do not include contingent leases. Deposits made on purchase options are presented in note 20.

28.4. Other debt

Other debt breaks down as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Reservation of ownership clause and mortgage debt	1 366	1 170
Other debt	1 749	1 166
Total	**3 115**	**2 336**

Mortgage debt is a debt secured by a mortgage on an aircraft. The mortgage is filed at the national civil aviation authority (the DGAC in France) in order to be publicly available to third parties. A mortgage grants to the mortgagee a right to enforce the security (by order of a judge), the sale of the asset and a priority claim on the sale proceeds in line with the amount of the loan, the balance reverting to the other creditors.

Other debt corresponds mainly to bank borrowings.

28.5. Maturity analysis

The maturities of financial debts break down as follows:

In € millions **Year ended March 31,**		**2010**	**2009**
Maturities in			
Y+1		1 529	1 074
Y+2		721	475
Y+3		966	467
Y+4		1 266	899
Y+5		703	1 389
Over 5 years		1 642	1 751
Total		**6 827**	**6 055**
Including:	- Principal	5 918	5 024
	- Interest	909	1 031

As of March 31, 2010, expected financial costs amount to €184 million for 2010-11, €521 million for the periods from 2011-12 until 2014-15, and €204 million thereafter.

As of March 31, 2010, it has been considered that the perpetual subordinated loan stocks, the OCEANE and the bonds would be reimbursed according to their most probable maturity:

- First date of the period of the put on investment being April 1, 2012 for the OCEANE first issued in 2005
- Maturity date for the repayable bond issued in 2006 and 2007

28.6. Currency analysis

After taking into account derivatives instruments, long term debts are mainly in euros for €5.6 billion as of March 31, 2010 and €4.9 billion as of March 31, 2009.

28.7. Credit lines

The Group had credit lines amounting to €1 200 million as of March 31, 2010 negotiated in April 2005. The maturity of this credit line is 2012.

On October 17, 2008, Air France drew €500 million, with a 6-month maturity, of the € 1 200 million credit facility. The maturity of this credit line has been extended until April 17, 2010

Air France's credit facility, which amounts to €1 200 million (which fall to €1 115 million as of April 7, 2010, €1 105 million as of April 7, 2011 and zero as of April 7, 2012), is subject to the respect of the following financial covenants calculated based on the Air France consolidated financial statements:

- Net interest charges added to one third of operating lease payments must not represent more than one third of the adjusted EBITDAR
- Non-current assets in the balance sheet, not pledged as collateral, must be at least equal to unsecured net debts.

These ratios are calculated every six months and were respected at March 31, 2010.

29. OTHER LIABILITIES

In € millions **Year ended March 31,**	**2010**		**2009**	
	Current	**Non current**	**Current**	**Non current**
Tax liabilities	313	-	380	-
Employee-related liabilities	586	-	648	-
Non current assets' payables	26	-	54	-
Derivative instruments	245	340	978	1 381
Deferred income	39	87	24	87
Other	281	10	475	15
Total	**1 490**	**437**	**2 559**	**1 483**

The "other" debts as of March 31, 2009 include an amount of €167 million corresponding to early unwinding of loss-making fuel hedges. Consistent with IAS 39, the effective portion is recycled in the income statement when the hedged item (future fuel purchase) will affect the income statement.

30. FINANCIAL INSTRUMENTS

30.1. Risk management

- **Market risk management**

Market risk coordination and management is the responsibility of the Risk Management Committee (RMC) which comprises the Chief Executive Officer and the Chief Financial Officer of Air France, the Chief Executive Officer and the Chief Financial Officer of KLM. The RMC meets each quarter to review Group reporting of the risks relating to the fuel price, the principal currency exchange rates and interest rates, and to decide on the hedging to be implemented: targets for hedging ratios, the time periods for the respect of these targets and, potentially, the preferred types of hedging instrument. The aim is to reduce the exposure of Air France-KLM and, thus, to preserve budgeted margins. The RMC also defines the counterparty-risk policy.
The decisions made by the RMC are implemented by the treasury and fuel purchasing departments within each company, in compliance with the procedures governing the delegation of powers. In-house procedures governing risk management prohibit speculation.
Regular meetings are held between the fuel purchasing and treasury departments of both companies in order to exchange information concerning matters such as hedging instruments used, strategies planned and counterparties.
The cash management departments of each company circulate information on the level of cash and cash equivalents to their respective executive managements on a daily basis. Every month, a detailed report including, amongst other information, interest rate and currency positions, the portfolio of hedging instruments, a summary of investments and financing by currency and the monitoring of risk by counterparty is transmitted to the executive managements. The instruments used are swaps and options.
The policy on fuel hedging is the responsibility of the fuel purchasing departments, which are also in charge of purchasing fuel for physical delivery. A weekly report, enabling the evaluation of the net-hedged fuel cost of the current fiscal year and the two following ones, is supplied to the executive managements. This mainly covers the transactions carried out during the week, the valuation of all positions, the hedge percentages as well as the breakdown of instruments and the underlyings used, average hedge levels and the resulting net prices, as well as market commentary. Furthermore, a weekly Air France-KLM group report (known as the GEC Report) consolidates the figures from the two companies relating to fuel hedging and to physical cost. The instruments used are swaps and options.

- **Currency risk**

Most of the group's revenues are generated in euros. However, because of its international activities, the group incurs a foreign exchange risk. The principal exposure is to the US dollar, and then, to a lesser extent, to pound sterling and the Japanese yen. Thus, any changes in the exchange rates for these currencies relative to the euro may have an impact on the Group's financial results.
With regard to the US dollar, since expenditures such as fuel, operating leases or component costs exceed the level of revenue, the Group is a net buyer. This means that any significant appreciation in the dollar against the euro could result in a negative impact on the group's activity and financial results.
Conversely, the group is a net seller of the yen and of sterling, the level of revenues in these currencies exceeding expenditure. As a result, any significant decline in these currencies relative to the euro could have a negative effect on the group's activity and financial results.
In order to reduce its currency exposure, the Group has adopted hedging strategies.
Both companies hedge progressively their net exposure over a rolling 24 month period.
Aircraft are purchased in US dollars, meaning that the group is highly exposed to a rise in the dollar against the euro for its aeronautics investments. The hedging policy plans the progressive and systematic implementation of hedging between the date of the aircraft order and their delivery date.
The exchange rate risk on the group's financial debt is limited. At March 31, 2010, 96% of the Group's gross debt, after taking into account derivative instruments, was issued in or converted into euros, thereby sharply reducing the risk of currency fluctuations on the debt.
Despite this active hedging policy, not all exchange rate risks are covered. The Group and its subsidiaries might then encounter difficulties in managing currency risks, which could have a negative impact on the Group's business and financial results.

- **Interest rate risk**

Most financial debt is contracted in floating-rate instruments in line with market practice. However, given the historically low level of interest rates, the Group has used swap strategies to convert a significant proportion of their floating-rate debt into fixed rates. After swaps, the Group's gross debt contracted at fixed rates represents 60% of the overall total.
Given this policy, the group has a neutral net exposure to interest rates.

- **Fuel price risk**

Risks linked to the jet fuel price are hedged within the framework of a hedging strategy for the whole of the Air France-KLM group. This strategy was suspended in November 2008: no new positions, unwinding of some of the hedges already in place in order to significantly reduce the risk of downside and to benefit from the current market levels.
Following the completion of this portfolio restructuring, in September 2009 a new hedge strategy was defined and presented to the Audit Committee and the Board of the Air France-KLM Group. The main changes were to reduce the time span of the hedges from four to two years and the overall hedged volume from two years to one year of consumption.

Main characteristics of the hedge strategy

Hedge horizon: 2 years

Minimum hedge percentage:

- quarter underway: 60% of the volumes consumed,
- quarter 1 to quarter 3: 60% of the volumes consumed,
- quarter 4: 50% of the volumes consumed,
- quarter 5: 40% of the volumes consumed,
- quarter 6: 30% of the volumes consumed,
- quarter 7: 20% of the volumes consumed,
- quarter 8: 10% of the volumes consumed.

Underlyings: Brent, Gasoil and Jet CIF
At least 25% of volumes consumed during the two first quarters of the program (excluding the quarter underway) must be hedged in average distillates (Jet Fuel and Gasoil).

Instruments: Swap, call, call spread, four ways and collar

IAS 39 rule:
The instruments and underlyings used within the framework of the strategy must be compliant with IAS 39.

- **Investment risks**

The cash resources of the group are currently invested in short term, primarily money market mutual funds and certificates rated A1 or P1.
However a small portion of the surplus has been invested in two-years EMTN from high-grade issuers in order to increase the overall returns on of the cash.

- **Counterparty risk management**

Transactions which can lead to counterpart risk for the Group are as follows:
- financials investments;
- derivatives instruments;
- trades receivables.

  - Counterparty risk linked to financial investments and derivative instruments is managed by the Risk Management Committee which establishes limits by counterparty, for all instruments except placements in the monetary OPCVM for which the risk of counterparty is deemed non significant. The Group's counterparty-risk reporting is circulated each month to the executive managements, the risk being measured at the fair market value of each instrument. The exceeding of any limit immediately results in the implementation of corrective measures.
  - Counterparty risk relating to trade receivables is limited due to the large number and geographical diversity of customers comprising the trade receivables portfolio.

The group has identified the following exposure to counterparty risk:

LT Rating (Standards & Poors)	**Total exposure in € millions**	
	As of March 31, 2010	**As of March 31, 2009**
AAA	-	-
AA	1	27
AA-	11	-
A+	181	227
A	2	151
Total	**195**	**405**

As of March 31, 2010 and 2009, the exposure is mainly composed by the fair market value of short term cash resources.

30.2. Derivative instruments

- **Year ended March 31, 2010**

Book value *In € millions*	**Assets**		**Liabilities**	
	Non-current	**Current**	**Non-current**	**Current**
Currency exchange risk (operating and financial operations)				
Fair value hedge	21	8	20	16
Cash flow hedge	31	52	16	15
Fair value through profit and loss	-	-	-	-
Interest rate risk (financial operations)				
Cash flow hedge	-	-	36	-
Fair value hedge	-	-	-	-
Fair value through profit and loss	-	-	1	-
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	-	41	267	212
Fair value through profit and loss	-	-	-	2
Total	**52**	**101**	**340**	**245**

The expected maturity of the fair market value of derivative instruments is as follows:

In € millions		Total	Y+1	Y+2	Y+3	Y+4	Y+5	> Y+5
Commodities derivative instruments	Asset	41	41	-	-	-	-	-
	Liability	(481)	(214)	(170)	(97)	-	-	-
Interest rate derivative instruments	Asset	-	-	-	-	-	-	-
	Liability	(37)	-	(3)	(3)	(8)	(8)	(15)
Currency exchange derivative instruments	Asset	112	60	31	17	3	1	-
	Liability	(67)	(31)	(13)	(22)	(1)	-	-
Total	**Asset**	**153**	**101**	**31**	**17**	**3**	**1**	**-**
	Liability	**(585)**	**(245)**	**(186)**	**(122)**	**(9)**	**(8)**	**(15)**

- **Year ended March 31, 2009**

Book value *In € millions*	**Assets**		**Liabilities**	
	Non-current	**Current**	**Non-current**	**Current**
Currency exchange risk (operating and financial operations)				
Fair value hedge	92	7	83	28
Cash flow hedge	26	24	28	47
Fair value through profit and loss	-	-	-	-
Interest rate risk (financial operations)				
Cash flow hedge	-	-	25	1
Fair value hedge	-	-	-	-
Fair value through profit and loss	-	-	-	1
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	470	232	1 244	808
Fair value through profit and loss	-	-	-	94
Total	**588**	**263**	**1 380**	**979**

Exposure to interest rate risk

In order to manage interest rate risk, on short-term and long-term borrowings, the Group uses instruments with the following nominal values as of the balance sheet date:

- **Year ended March 31, 2010**

Interest rate derivatives have a nominal value amounting to €1 033 million, including €6 million with a maturity less than one year and €1 027 million with a maturity over one year.

- **Year ended March 31, 2009**

Interest rate derivatives have a nominal value amounting to €826 million, including €58 million with a maturity less than one year and €768 million with a maturity over one year.

These instruments have different purposes:

- Hedging fair value risk relating to fixed-rate financial debt:
  In contracting a fixed-rate debt, the Group is exposed to an opportunity risk if the rate decreases. Given the current level of market rates compared with the fixed contractual rates on part of its debt, the Group entered into a number of fixed to floating-rate swaps.

- Hedging of cash-flow risk relating to floating-rate financial debt:
  The Group has sought to fix the rate of certain floating-rate loans and has thus entered into a number of floating to fixed-rate swaps. Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization date of hedged items.

Based on the hedging arrangements, the Group's exposure to interest rate risks breaks down as follows:

In € millions Year ended March 31,	2010				2009			
	Before hedging		After hedging		Before hedging		After hedging	
	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed-rate financial assets and liabilities								
Fixed-rate financial assets	77	5.3%	77	5.3%	765	3.5%	765	3.5%
Fixed-rate financial liabilities	2 332	4.3%	3 400	4.4%	2 223	4.0%	2 947	4.3%
Floating-rate financial assets and liabilities								
Floating-rate financial assets	2 372	3.3%	2 372	3.3%	2 007	4.5%	2 007	4.5%
Floating-rate financial liabilities	3 702	2.7%	2 634	2.7%	3 000	5.3%	2 275	5.4%

Exposure to exchange rate risk

Current operations:
Although the Group's reporting currency is the euro, some of its revenues and costs are denominated in other currencies, such as the US dollar, the yen, the pound sterling and the Swiss franc.
The Group's policy is to reduce the exchange risks by hedging. Hedging is achieved through forward sales or purchase contracts and/or option-based strategies.

Acquisition of flight equipment:
Capital expenditure on flight equipment is denominated in US dollars. The Group hedges this exchange risk via forward purchases and/or option-based strategies.

Long-term debt and capital leases:
A small portion of the debt is denominated in foreign currencies so as to diversify the sources of funding and take into account cash surpluses generated in various currencies. In order to hedge against the risk of exchange rate fluctuations on debt and capital leases, currency rate swaps are used. This is a micro-hedging mechanism matched specifically to the borrowing to which it relates.

Nominal amounts of forward currency hedges and swaps are shown below, based on the nature of the hedging transaction.

- **Year ended March 31, 2010**

In € millions	**Nominal**	**Maturity below 1 year**	**Maturities between 1 and 5 years**					**Fair value**
			1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**+ 5 years**	
Exchange risk (cash flow hedging of operating flows)	**1 851**	**1 247**	**511**	**44**	**28**	**15**	**6**	**53**
Exchange rate options								
US Dollar	1 189	866	323	-	-	-	-	50
Yen	155	100	55	-	-	-	-	(5)
Pound sterling	107	81	26	-	-	-	-	-
Swiss franc	12	12	-	-	-	-	-	-
Other currencies	7	7	-	-	-	-	-	-
Forward purchases								
US Dollar	261	111	66	35	28	15	6	5
Forward sales								
US Dollar	33	33	-	-	-	-	-	-
Yen	44	26	18	-	-	-	-	4
Swiss franc	7	7	-	-	-	-	-	-
Others								
US Dollar	36	4	23	9	-	-	-	(1)
Exchange risk (Fair value hedging of flight equipment acquisition)	**929**	**285**	**252**	**308**	**45**	**22**	**17**	**(8)**
Forward purchases								
US Dollar	929	285	252	308	45	22	17	(8)
Total	**2 780**	**1 532**	**763**	**352**	**73**	**37**	**23**	**45**

- **Year ended March 31, 2009**

In € millions	**Nominal**	**Maturity below 1 year**	**Maturities between 1 and 5 years**					**Fair value**
			1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**+ 5 years**	
Exchange risk (cash flow hedging of operating flows)	**816**	**419**	**235**	**117**	**21**	**11**	**13**	**(25)**
Exchange rate options								
US Dollar	73	46	27	-	-	-	-	2
Yen	215	117	64	34	-	-	-	(20)
Pound sterling	71	71	-					5
Swiss franc	31	19	12	-	-	-	-	-
Forward purchases								
US Dollar	189	44	68	41	12	11	13	-
Forward sales								
US Dollar	143	109	34	-	-	-	-	(16)
Yen	53	9	26	18	-	-	-	6
Others								
US Dollar	41	4	4	24	9	-	-	(2)
Exchange risk (Fair value hedging of flight equipment acquisition)	**985**	**525**	**380**	**35**	**20**	**8**	**17**	**(12)**
Forward purchases								
US Dollar	985	525	380	35	20	8	17	(12)
Total	**1 801**	**944**	**615**	**152**	**41**	**19**	**30**	**(37)**

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of the hedged items.

Commodity risk linked to fuel prices

In the normal course of its business, the Group conducts transactions on petroleum product markets in order to effectively manage the risks related to the purchases of fuel.

The nominal amounts of the Group's commitments on the crude and refined oil markets are shown below:

- **Year ended March 31, 2010**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**3 540**	**2 077**	**915**	**548**	**-**	**-**	**-**	**(438)**
Swap	5	5	-	-	-	-	-	-
Options	3 535	2 072	915	548	-	-	-	(438)
Commodity risk (trading)	**21**	**21**	**-**	**-**	**-**	**-**	**-**	**(2)**
Swap	-	-	-	-	-	-	-	-
Options	21	21	-	-	-	-	-	(2)
Total	**3 561**	**2 098**	**915**	**548**	**-**	**-**	**-**	**(440)**

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**4 119**	**1 744**	**872**	**927**	**576**	**-**	**-**	**(1 350)**
Swap	3	3	-	-	-	-	-	-
Options	4 116	1 741	872	927	576	-	-	(1 350)
Commodity risk (trading)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(94)**
Swap	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	(94)
Total	**4 119**	**1 744**	**872**	**927**	**576**	**-**	**-**	**1 444**

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of hedged items.

30.3. Market value of financial instruments

Market values are estimated for most of the Group's financial instruments using a variety of valuation methods, such as discounted future cash flows. However, the methods and assumptions used to provide the information set out below are theoretical in nature. They bear the following inherent limitations:

- Estimated market values cannot take into consideration the effect of subsequent fluctuations in interest or exchange rates,
- Estimated amounts as of March 31, 2010 and 2009 are not indicative of gains and/or losses arising upon maturity or in the event of cancellation of a financial instrument.

The application of alternative methods and assumptions may, therefore, have a significant impact on the estimated market values.

The methods used are as follows:

- *Cash, trade receivables, other receivables, short-term bank facilities, trade payables and other payables :*
  The Group believes that, due to their short-term nature, net book value can be deemed a reasonable approximation of market value.

- *Marketable securities, investments and other securities:*
  The market value of securities is determined based mainly on the market price or the prices available on other similar securities. Where no comparable exists, the Group uses their book value, which is deemed a reasonable approximation of market value in this instance.

- *Borrowings, other financial debts and loans:*
  The market value of fixed and floating-rate loans and financial debts is determined based on discounted future cash flows at market interest rates for instruments with similar features.

- *Off balance-sheet instruments:*
  The market value of off-balance-sheet instruments corresponds to the amounts payable or receivable were the positions to be closed out as of March 31, 2010 and 2009 calculated using the year-end market rate.

Market values of financial assets correspond to their net book values.
Market values of financial liabilities correspond to their net book values, except for:

In € millions		**March 31, 2010**		**March 31, 2009**	
		Net book value	**Estimated market value**	**Net book value**	**Estimated market value**
Financial liabilities					
Bonds (*)	Fixed-rate	1 200	1 227	1 200	1 094
Repackaged perpetual loans		-	-	-	-
Other borrowings and financial debt	Fixed-rate	1 121	1 010	995	899

(*) the fixed rate bonds comprise the OCEANE (convertible bonds) issued in April 2005, as well as €750 million of bonds issued in September 2006 and April 2007 by Air France.
OCEANE: The market value of €467 million was determined based on the bond's market price as of March 31, 2010.
Bond issued in September 2006 and April 2007: the characteristics of this bond are described in note 28.2. The market value is €760 million.

30.4. Valuation methods for financial assets and liabilities at their fair value

As of March 31, 2010, the breakdown of the Group's financial assets and liabilities is as follows based on the three classification level (see note 3.10.7):

In € millions	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Shares	15	32	-	**47**
Assets at fair value through profit and loss				
Marketable securities	-	103	-	**103**
Cash equivalents	1 519	-	-	**1 519**
Derivatives instruments asset)				
Interest rate derivatives	-	-	-	**-**
Currency exchange derivatives	-	112	-	**112**
Commodity derivatives	-	41	-	**41**

Financial liabilities at fair value comprise negative values of derivative instruments of interest rates, foreign exchange and commodities as well as the debt revalued in accordance with fair value hedge, valuations classified of level 2.

30.5. Sensitivity

The sensitivity is calculated solely on the valuation of derivatives at the closing date of each period presented.
The shock range has been judged reasonable and realistic by the Group management. The shock hypotheses used are coherent with those applied in the prior period.

The impact on equity corresponds to the sensitivity of effective fair value variations for instruments documented in the hedged cash flow (options intrinsic value, fair value of closed instruments). The impact on the income statement corresponds to the sensitivity of ineffective fair value variations of hedged instruments (principally time value of options) and fair value variations of transactions instruments.

For fuel and currency, the downward and upward sensitivities are not symmetrical when taking into account the utilization, in respect of the policy of optional hedged instruments in which the risk profile is not linear.

Fuel hedge sensitivity

The impact on "income before tax" and on the "gains/(losses) taken to equity" of a +/- USD 10 variation in the price of a barrel of Brent is presented below:

In € millions	March 31, 2010		March 31, 2009	
	Increase of USD 10 per barrel of Brent	Decrease of USD 10 per barrel of Brent	Increase of USD 10 per barrel of Brent	Decrease of USD 10 per barrel of Brent
Income before tax	(96)	101	(102)	(2)
Gains / (losses) taken to equity	399	(409)	426	(322)

Currency hedge sensitivity

The value in euros of all monetary assets and liabilities is presented below:

In € millions	**Monetary assets**		**Monetary liabilities**	
	March 31, 2010	**March 31, 2009**	**March 31, 2010**	**March 31, 2009**
US dollar	62	69	440	345
Pound sterling	33	17	-	5
Yen	10	2	35	11
Swiss franc	7	2	-	3
Canadian dollar	11	7	1	2

The amounts of monetary assets and liabilities disclosed above do not include the effect of the revaluation of assets and liabilities documented in fair value hedged.

The impact on "income before tax" and on "gains/(losses) taken to equity" of a 10% strengthening of the foreign currencies relative to the euro is presented below:

In € millions	**US dollar**		**Pound sterling**		**Yen**	
At March 31,	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Income before tax	(49)	(23)	2	3	(6)	(5)
Gains / (losses) taken to equity	230	2	(5)	(5)	(10)	(18)

The impact of the change in fair value of currency derivatives on "income before tax" and on "gains/(losses) taken to equity" of a 10% weakening of the foreign currencies relative to the euro is presented below:

In € millions	**US dollar**		**Pound sterling**		**Yen**	
At March 31,	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Income before tax	6	28	(2)	(3)	6	5
Gains / (losses) taken to equity	(132)	10	6	6	10	18

Interest rate sensitivity

The group is exposed to the risk of interest rate variation. A 100 basis point variation in interest rates would have an impact of €8.1 million on the financial charges for the year ending March 31, 2010 versus €1.5 million for the year ending March 31, 2009.

31. LEASE COMMITMENTS

31.1. Capital leases

The debt related to capital leases is detailed in note 28.

31.2. Operating leases

The minimum future payments on operating leases are as follows:

In € millions	**Minimum lease payments**	
Year ended March 31,	**2010**	**2009**
Flight equipment		
Due dates		
Y+1	522	489
Y+2	392	409
Y+3	307	264
Y+4	232	197
Y+5	152	145
Over 5 years	422	183
Total	**2 027**	**1 687**
Buildings		
Due dates		
Y+1	153	171
Y+2	147	175
Y+3	146	179
Y+4	147	185
Y+5	129	192
Over 5 years	794	143
Total	**1 516**	**1 045**

The expense relating to operating leases for flight equipment amounted to €488 million for the year ended March 31, 2010 and to €450 million for the year ended March 31, 2009.
The Group may sub-lease flight equipment and buildings. The revenue generated by this activity is not significant for the Group.

32. FLIGHT EQUIPMENT ORDERS

Due dates for commitments in respect of flight equipment orders are as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Y+1	773	1 060
Y+2	998	1 172
Y+3	544	919
Y+4	401	372
Y+5	101	-
Total	**2 817**	**3 523**

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 on firm order as of March 31, 2010 decreased by 16 units compared with March 31, 2009 to 55 units. The number of options is stable in comparison with March 31, 2009 to 30 units. These movements can be explained by:

- the delivery of 15 aircraft over the period;
- the transfer of one firm order from Group Air France to Group KLM .

Long-haul fleet

Passenger

The Group took delivery of 4 Boeing B777s. Concerning this same aircraft type, the Group did not place any firm order. A firm order has nevertheless been transferred from Group Air France to Group KLM.

The Group took delivery of 2 A380s.

Cargo

The Group took delivery of 2 Boeing B777F.

Medium-haul fleet

The Group took delivery of 1 Airbus A321. It converted 4 firm orders for A321s into A320s.

Regional fleet

The Group took delivery of 4 Embraer 170 and 2 Embraer 190. It also converted one firm order for Embraer 190 into Embraer 170.

The Group's commitments concern the following aircraft:

Aircraft type		To be delivered in	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond Y+5	Total
Long-haul fleet – passenger									
A380	As of March 31,	Firm orders	2	2	2	3	1	-	**10**
	2010	*Options*	-	-	-	*1*	*1*	-	*2*
	As of March 31,	Firm orders	3	4	3	2	-	-	**12**
	2009	*Options*	-	-	*1*	*1*	-	-	***2***
B777	As of March 31,	Firm orders	2	3	5	2	-	-	**12**
	2010	*Options*	-	*1*	*2*	*2*	*3*	-	*8*
	As of March 31,	Firm orders	4	4	5	4	-	-	**17**
	2009	*Options*	-	-	*3*	*4*	*1*	-	***8***
Long-haul fleet – cargo									
B777 F	As of March 31,	Firm orders	-	1	-	-	-	-	**1**
	2010	*Options*	-	-	*1*	2	-	-	*3*
	As of March 31,	Firm orders	2	1	-	-	-	-	**3**
	2009	*Options*	-	-	-	*1*	*2*	-	***3***
Medium-haul fleet									
A320	As of March 31,	Firm orders	1	12	1	-	-	-	**14**
	2010	*Options*	-	-	*2*	*5*	*3*	-	*10*
	As of March 31,	Firm orders	-	1	9	-	-	-	**10**
	2009	*Options*	-	-	-	*8*	*2*	-	***10***
A321	As of March 31,	Firm orders	-	1	-	-	-	-	**1**
	2010	*Options*	-	-	-	-	-	-	**-**
	As of March 31,	Firm orders	1	2	3	-	-	-	**6**
	2009	*Options*	-	-	-	-	-	-	**-**
Regional fleet									
Emb 170	As of March 31,	Firm orders	3	-	-	-	-	-	**3**
	2010	*Options*	-	*1*	-	-	-	-	*1*
	As of March 31,	Firm orders	4	2	-	-	-	-	**6**
	2009	*Options*	-	*1*	-	-	-	-	***1***
Emb 190	As of March 31,	Firm orders	-	-	-	-	-	-	**-**
	2010	*Options*	-	*2*	*2*	-	-	-	*4*
	As of March 31,	Firm orders	3	-	-	-	-	-	**3**
	2009	*Options*	-	*1*	*3*	-	-	-	***4***
CRJ 1000	As of March 31,	Firm orders	6	4	4	-	-	-	**14**
	2010	*Options*	-	-	-	*1*	*1*	-	*2*
	As of March 31,	Firm orders	2	4	4	4	-	-	**14**
	2009	*Options*	-	*2*	-	-	-	-	***2***

33. OTHER COMMITMENTS

33.1. Commitments made

In € millions **Year ended March 31,**	**2010**	**2009**
Call on investment securities	1	1
Put on investment securities	-	-
Warranties, sureties and guarantees	1 259	71
Mortgaged or secured assets	3 636	3 091
Other purchase commitments	64	130

The restrictions and pledges as of March 31, 2010 were as follows:

In € millions	**Starting date of pledge**	**End of pledge**	**Amount pledged**	**NBV of balance sheet entry concerned**	**Corresponding %**
Intangible assets	-	-	-	200	-
Tangible assets	December 1999	December 2021	4 465	8 969	49.78 %
Other financial assets	October 1998	April 2020	347	678	51.18 %
Total			**4 812**	**9 847**	**48.87%**

33.2. Commitments received

In € millions **Year ended March 31,**	**2010**	**2009**
Put on investment securities	2	2
Warranties, sureties and guarantees	212	219

Warranties, sureties and guarantees are principally comprised of letters of credit from financial institutions.

34. Related parties

34.1. Transactions with the principal executives

Directors and their relatives hold less than 0.05% of the voting rights.

Advantages granted to the two principal executives are detailed as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Short term benefits	4.1	6.0
Post employment benefits	1.9	2.8
Total	**6.0**	**8.8**

Directors' fees paid during the year ended March 31, 2010 in respect of attendance at Board meetings during the year ended March 31, 2009, amounted to €0.2 million.

34.2. Transactions with other related parties

The total amounts of transactions with related parties for the financial years ended March 31, 2010 and 2009 are as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Assets		
Net trade accounts receivable	172	111
Other current assets	10	1
Other non-current assets	5	17
Total	**187**	**129**
Liabilities		
Trade accounts payable	167	89
Other current liabilities	48	44
Other long-term liabilities	48	53
Total	**263**	**186**

In € millions **Year ended March 31,**	**2010**	**2009**
Net sales	248	230
Landing fees and other rents	(472)	(562)
Other selling expenses	(111)	(229)
Passenger service	(62)	(130)
Other	(42)	(13)
Total	**(439)**	**(704)**

As a part of its normal business, the Group enters into transactions with related parties including transactions with State-owned and governmental entities such as the Defense Ministry, the Paris Airport Authority (“Aéroports de Paris”, or “ADP”) and the French civil aviation regulator (“DGAC”). The Group considers that such transactions are concluded on terms equivalent to those of transactions with third parties. The most significant transactions are described below:

Aéroport De Paris (ADP)

- Land and property rental agreements
- Airport and passenger related fee arrangements.

In addition, ADP collects airport landing fees on behalf of the French State.

Total expenses incurred by the Group in connection with the above mentioned arrangements amounted to €448 million and €599 million for the periods ended March 31, 2010 and 2009.

Defense Ministry

The Group has entered into contracts with the French Defense Ministry to maintain certain aircraft of the French Air Force. The net revenue derived from such arrangements amounted to €55 million for the year ended March 31, 2010 and €63 million for the year ended March 31, 2009.

DGAC

The civil aviation regulator is the French State service organization, which manages security and safety in French air space. As a result, the DGAC charges fees to the Group for the use of installations and services amounting to €92 million for the year ended March 31, 2010 and €103 million for the year ended March 31, 2009.

Transactions with equity affiliates

During the financial year, the Group executed transactions with equity affiliates. The principal transaction concerned WAM Acquisition (ex Amadeus GTD). For the year ended March 31, 2010, total transactions with WAM Acquisition amounted to a revenue of €100 million (compared with €101 million for the year ended March 31, 2009) and a cost of €184 million (compared with €199 million for the year ended March 31, 2009).
The amount of transactions made with Alitalia represents for the Group a revenue of €105 million and a cost of €10 million for the year ended March 31, 2010.

35. CASH FLOW STATEMENT

35.1. Acquisition of subsidiaries and investments

Net cash disbursements related to the acquisition of subsidiaries and investments in associates were as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Cash disbursement for acquisitions	(17)	(26)
Cash from acquired subsidiaries	(2)	2
Net cash disbursement	**(19)**	**(24)**

- **Year ended March 31, 2010**

During the year ended March 31, 2010, there is no significant acquisition of subsidiaries and investments.

- **Year ended March 31, 2009**

During the year ended March 31, 2009, there is no significant acquisition of subsidiaries and investments.

35.2. Disposal of subsidiaries

Net proceeds from the disposal of subsidiaries can be analyzed as follows:

In € millions **Year ended March 31,**	**2010**	**2009**
Proceeds from disposals	2	11
Cash of disposed subsidiaries	-	1
Net proceeds from disposals	**2**	**12**

- **Year ended March 31, 2010**

During the year ended March 31, 2010, there is no significant disposal of subsidiaries.

- **Year ended March 31, 2009**

Net proceeds from disposals mainly correspond to the sale of Reenton shares in return for €4 million and Opodo shares for €5 million.

35.3. Non cash transactions

During the years ended March 31, 2010 and 2009, there were no significant non-cash transactions.

36. FEES OF STATUTORY AUDITORS

In € millions	KPMG			
As of March 31,	**2010**		**2009**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	1.9	97%	2.1	100%
- Air France SA	*1.4*		*1.5*	
- Consolidated subsidiaries	*0.5*		*0.6*	
Other accessory services and other audit services	-	-	-	-
Sub-total	**1.9**	**97%**	**2.1**	**100%**
Other services				
Legal, tax and corporate	0.1	3%	-	-
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France Group	**2.0**	**100%**	**2.1**	**100%**

In € millions	Deloitte & Associés			
As of March 31,	**2010**		**2009**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	2.0	100%	2.1	100%
- Air France SA	*1.4*		*1.5*	
- Consolidated subsidiaries	*0.6*		*0.6*	
Other accessory services and other audit services	-	-	-	-
Sub-total	**2.0**	**100%**	**2.1**	**100%**
Other services				
Legal, tax and corporate	-	-	-	-
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France Group	**2.0**	**100%**	**2.1**	**100%**

37. CONSOLIDATION SCOPE AS OF MARCH 31, 2010

The scope includes 93 fully consolidated entities and 19 equity affiliates.

37.1. Consolidated entities

The main entities fully consolidated are as follows:

Entity	Country	Segment	% interest	% control
BRIT AIR	France	Passenger	100	100
CITY JET	Ireland	Passenger	100	100
BLUE LINK	France	Passenger	100	100
REGIONAL COMPAGNIE AERIENNE EUROPEENNE	France	Passenger	100	100
GROUPE SERVAIR (46 entities)	France	Other	98	98
TRANSAVIA FRANCE	France	Other	60	60
VLM AIRLINES NV	Belgium	Passenger	100	100

37.2. Equity affiliates

The main entities consolidated by equity are as follows:

Entity	Country	Segment	% interest	% control
FINANCIERE LMP	France	Passenger	40	40
GROUPE SERVAIR (13 entities)	France	Other	-	-
HEATHROW CARGO HANDLING	United Kingdom	Cargo	50	50
SPAIRLINERS	Germany	Maintenance	50	50
TERMINAL ONE GROUPE ASSOCIATION	United-States	Other	25	25
WAM Acquisition	Spain	Other	22	22