Air France-KLM Group

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

January 1, 2013 – September 30, 2013

Air France-KLM Group

CONSOLIDATED INCOME STATEMENT

In € millions	***Notes***	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months) Proforma(*)**
Sales	***6***	**19 513**	**19 329**
Other revenues		9	11
Revenues		**19 522**	**19 340**
External expenses	***7***	(12 192)	(12 352)
Salaries and related costs	***8***	(5 728)	(5 804)
Taxes other than income taxes		(135)	(140)
Amortization		(1 167)	(1 187)
Depreciation and Provisions		(119)	(124)
Other income and expenses		2	68
Income from current operations		**183**	**(199)**
Sales of aircraft equipment		(5)	5
Other non-current income and expenses	***9***	(261)	(455)
Income from operating activities		**(83)**	**(649)**
Cost of financial debt	***10***	(359)	(325)
Income from cash and cash equivalents		60	61
Net cost of financial debt		***(299)***	***(264)***
Other financial income and expenses	***11***	19	38
Income before tax		**(363)**	**(875)**
Income taxes	***12***	(68)	(53)
Net income of consolidated companies		**(431)**	**(928)**
Share of profits (losses) of associates	***13***	(210)	(49)
Net income from continuing operations		**(641)**	**(977)**
Net income for the period		**(641)**	**(977)**
- Equity holders of Air France – KLM		**(649)**	**(980)**
- Non-controlling interests		8	3
Earnings per share – Equity holders of Air France – KLM (in euros)			
- basic		(2.19)	(3.31)
- diluted		(2.19)	(3.31)

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

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

In € millions	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months) Proforma(*)**
Net income for the period	**(641)**	**(977)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	250	238
Change in fair value transferred to profit or loss	-	(98)
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	103	162
Change in fair value transferred to profit or loss	(89)	(194)
Fair value hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	(43)	-
Items of the recognized income and expenses of equity shares	(4)	-
Currency translation adjustment	**(6)**	**4**
Tax on items of comprehensive income that will be reclassified to profit or loss	**3**	**9**
Total of other comprehensive income that will be reclassified to profit or loss	***214***	***121***
Remeasurements of defined benefit pension plans	**(45)**	**(2 487)**
Remeasurements of defined benefit pension plans of equity shares	**(1)**	**-**
Tax on items of comprehensive income that will not be reclassified to profit or loss	**5**	**652**
Total of other comprehensive income that will not be reclassified to profit or loss	***(41)***	***(1 835)***
Total of other comprehensive income, after tax	**173**	**(1 714)**
Recognized income and expenses	**(468)**	**(2 691)**
- Equity holders of Air France-KLM	**(474)**	**(2 680)**
- Non-controlling interests	**6**	**(11)**

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

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	**September 30, 2013**	**December 31, 2012 Proforma (*)**	**January 1, 2012 Proforma (*)**
Goodwill	237	252	426
Intangible assets	882	842	774
Flight equipment	9 705	10 048	10 689
Other property, plant and equipment	1 840	1 932	2 055
Investments in equity associates	173	381	422
Pension assets	2 435	2 477	2 336
Other financial assets (**)	1 889	1 665	2 015
Deferred tax assets	1 343	1 392	1 322
Other non-current assets	73	152	168
Total non-current assets	**18 577**	**19 141**	**20 207**
Assets held for sale	46	7	10
Other short term financial assets (**)	949	933	751
Inventories	528	521	585
Trade accounts receivables	2 091	1 859	1 774
Income tax receivables	44	11	10
Other current assets	868	828	995
Cash and cash equivalents	3 716	3 420	2 283
Total current assets	**8 242**	**7 579**	**6 408**
Total assets	**26 819**	**26 720**	**26 615**

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

(**) Including:

In € millions	**September 30, 2013**	**December 31, 2012 Proforma (*)**	**January 1, 2012 Proforma (*)**
Deposits related to financial debt	827	806	656
Marketable securities (included cash secured)	906	956	987

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

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity *In € millions*	**September 30, 2013**	**December 31, 2012 Proforma (*)**	**January 1, 2012 Proforma (*)**
Issued capital	300	300	300
Additional paid-in capital	2 971	2 971	2 971
Treasury shares	(85)	(85)	(89)
Reserves and retained earnings	1	403	1 775
Equity attributable to equity holders of Air France-KLM	**3 187**	**3 589**	**4 957**
Non-controlling interests	44	48	47
Total equity	**3 231**	**3 637**	**5 004**
Provisions and retirement benefits	3 064	3 158	2 692
Long-term debt	8 561	9 565	9 228
Deferred tax liabilities	177	149	223
Other non-current liabilities	354	384	321
Total non-current liabilities	**12 156**	**13 256**	**12 464**
Liabilities linked to assets held for sale	39	-	-
Provisions	806	555	156
Current portion of long-term debt	2 370	1 434	1 174
Trade accounts payables	2 383	2 219	2 599
Deferred revenue on ticket sales	2 553	2 115	1 885
Frequent flyer programs	753	770	784
Current tax liabilities	2	3	6
Other current liabilities	2 469	2 474	2 386
Bank overdrafts	57	257	157
Total current liabilities	**11 432**	**9 827**	**9 147**
Total liabilities	**23 588**	**23 083**	**21 611**
Total liabilities and equity	**26 819**	**26 720**	**26 615**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In € millions	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
January 1, 2012	**300 219 278**	**300**	**2 971**	**(89)**	**2 858**	**6 040**	**54**	**6 094**
First application of IAS 19 revised "Employee Benefits" (note 2)	-	-	-	-	(1 083)	**(1 083)**	(7)	**(1 090)**
January 1, 2012 (Proforma) (*)	**300 219 278**	**300**	**2 971**	**(89)**	**1 775**	**4 957**	**47**	**5 004**
Fair value adjustment on available for sale securities	-	-	-	-	141	**141**	-	**141**
Gain / (loss) on cash flow hedges	-	-	-	-	(24)	**(24)**	-	**(24)**
Remeasurements of defined benefit pension plans	-	-	-	-	(1 821)	**(1 821)**	(14)	**(1 835)**
Currency translation adjustment	-	-	-	-	4	**4**	-	**4**
Other comprehensive income	**-**	**-**	**-**	**-**	***(1 700)***	***(1 700)***	***(14)***	***(1 714)***
Net result for the period	-	-	-	-	(980)	**(980)**	3	**(977)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(2 680)**	**(2 680)**	**(11)**	**(2 691)**
Stock based compensation (ESA) and stock options	-	-	-	-	2	**2**	-	**2**
Dividends paid	-	-	-	-	-	**-**	(1)	**(1)**
Treasury shares	-	-	-	6	-	**6**	-	**6**
Change in consolidation scope	-	-	-	-	1	**1**	(1)	**-**
September 30, 2012 (Proforma) (*)	**300 219 278**	**300**	**2 971**	**(83)**	**(902)**	**2 286**	**34**	**2 320**
December 31, 2012 (Proforma) (*)	**300 219 278**	**300**	**2 971**	**(85)**	**403**	**3 589**	**48**	**3 637**
Fair value adjustment on available for sale securities	-	-	-	-	240	**240**	-	**240**
Gain / (loss) on cash flow hedges	-	-	-	-	8	**8**	-	**8**
Gain /(loss) on fair value hedges	-	-	-	-	(28)	**(28)**	-	**(28)**
Remeasurements of defined benefit pension plans	-	-	-	-	(40)	**(40)**	(1)	**(41)**
Currency translation adjustment	-	-	-	-	(5)	**(5)**	(1)	**(6)**
Other comprehensive income	**-**	**-**	**-**	**-**	***175***	***175***	***(2)***	***173***
Net result for the period	-	-	-	-	(649)	**(649)**	8	**(641)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(474)**	**(474)**	**6**	**(468)**
Stock based compensation (ESA) and stock options	-	-	-	-	2	**2**	-	**2**
OCEANE	-	-	-	-	70	**70**	-	**70**
Dividends paid	-	-	-	-	-	**-**	(3)	**(3)**
Change in consolidation scope	-	-	-	-	-	**-**	(7)	**(7)**
September 30, 2013	**300 219 278**	**300**	**2 971**	**(85)**	**1**	**3 187**	**44**	**3 231**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In € millions	**Notes**	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months) Proforma(*)**
Net income for the period – Equity holders of Air France-KLM		(649)	(980)
Non-controlling interests		8	3
Amortization, depreciation and operating provisions		1 286	1 311
Financial provisions		10	(9)
Gain on disposals of tangible and intangible assets		6	(8)
Loss/ (gain) on disposals of subsidiaries and associates	*9*	(9)	(97)
Derivatives – non monetary results		12	(78)
Unrealized foreign exchange gains and losses, net		(75)	1
Impairment	*9*	31	168
Share of (profits) losses of associates	*13*	210	49
Deferred taxes		38	23
Other non-monetary items		104	333
Subtotal		**972**	**716**
(Increase) / decrease in inventories		(17)	54
(Increase) / decrease in trade receivables		(253)	(619)
Increase / (decrease) in trade payables		85	(221)
Change in other receivables and payables		500	782
Net cash flow from operating activities		**1 287**	**712**
Acquisition of subsidiaries, of shares in non-controlled entities		(22)	(38)
Purchase of property, plant and equipment and intangible assets		(959)	(1 260)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	*9*	26	466
Proceeds on disposal of property, plant and equipment and intangible assets		170	650
Dividends received		17	23
Decrease (increase) in investments		51	13
Net cash flow used in investing activities		**(717)**	**(146)**
Disposal of subsidiaries without loss of control, of owned shares		-	7
Issuance of financial debt		1 404	1 025
Repayment on financial debt		(1 012)	(678)
Payment of debt resulting from finance lease liabilities		(448)	(415)
New loans		(113)	(59)
Repayment on loans		128	82
Dividends paid		(3)	(1)
Net cash flow from financing activities		**(44)**	**(39)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**(30)**	**4**
Change in cash and cash equivalents and bank overdrafts		**496**	**531**
Cash and cash equivalents and bank overdrafts at beginning of period		3 163	2 126
Cash and cash equivalents and bank overdrafts at end of period		3 659	2 657
Income tax paid (flow included in operating activities)		(63)	(33)
Interest paid (flow included in operating activities)		(297)	(303)
Interest received (flow included in operating activities)		29	31

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
(*) See note 2 in notes to the consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

January 1, 2013 – September 30, 2013

1. BUSINESS DESCRIPTION

As used herein, the term "Air France–KLM" refers to Air France-KLM S.A., a limited liability company organized under French law excluding its consolidated subsidiaries.

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

The limited company Air France-KLM SA, domiciled at 2 rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).
The presentation currency used in these financial statements is the euro, which is also the Group's functional currency.

2. RESTATEMENTS OF ACCOUNTS 2012

Since the 1st of January 2013, the standard IAS 19 revised "Employee Benefits", published by IASB in June 2011 is applicable. The main modifications for the Group are as follows:
- The option used until then by the Group allowing the amortization of actuarial differences with the method "corridor" has been deleted. The actuarial gain and losses are now recognized immediately in other comprehensive income,
- The non-vested past service costs, previously amortized, are fully recognized in the income statement,
- The return on assets, previously determined from an expected rate of return, is now assessed on the basis of the discount rate used to value the benefit obligations.

The consolidated accounts as of September 30, 2012 have been restated in order to allow the comparison. The restated balance sheet as of January 1, 2012 and as of December 31, 2012 are also presented.

Impacts of the revision of the standard are summarized below:

Impacts on the consolidated income statement

In € millions	**Yearly closing December 31, 2012**	**Nine-month period ended September 30, 2012**
Salaries and related costs	(53)	(42)
Other non-current income and expenses	13	13
Income taxes	7	5
Net income for the period	**(33)**	**(24)**
- *Equity holders of Air France-KLM*	*(33)*	*(23)*
- *Non-controlling interests*	-	*(1)*
Earnings per share – Equity holders of Air France-KLM (in eu		
- *basic*	*(0.11)*	*(0.07)*
- *diluted*	*(0.11)*	*(0.07)*

Impacts on the consolidated statement of recognized income and expenses

In € millions	**Yearly closing December 31, 2012**	**Nine-month period ended September 30, 2012**
Net income for the period	**(33)**	**(24)**
Remeasurements of defined benefit pension plans	(312)	(2 487)
Items of the recognized income and expenses of equity shares	(2)	-
Tax on items of other comprehensive income that will not be reclassified to profit or loss	95	652
Recognized income and expenses	**(252)**	**(1 859)**
- *Equity holders of Air France-KLM*	*(251)*	*(1 845)*
- *Non-controlling interests*	*(1)*	*(14)*

Impacts on the consolidated balance sheet

In € millions	**January 1, 2012**	**December 31, 2012**
Investments in equity associates	-	(2)
Pension assets	(881)	(993)
Deferred tax assets	179	241
Provisions and retirement benefits	631	871
Deferred tax liabilities	(243)	(282)
Net impacts on equity	(1 090)	(1 343)
- *Equity holders of Air France-KLM*	*(1 083)*	*(1 335)*
- *Non-controlling interests*	*(7)*	*(8)*

3. SIGNIFICANT EVENTS

3.1 Arising during the accounting period

The Board of Directors of Alitalia, which took place on February 14, 2013, approved the implementation of a convertible shareholder loan amounting to €95 million. Air France-KLM contributed in accordance with its 25% stake, i.e €23.8 million.

Under the project Transform 2015, the Air France Group decided to combine its French regional activities Britair, Régional, Airlinair under a holding called *HOP!* (see note 5).

On March 28, 2013, Air France-KLM issued 53,398,058 bonds convertible and / or exchangeable for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at February 15, 2023 for an amount of €550 million.

On June 19, 2013, the Group endorsed the firm order of 25 Airbus A350s, in accordance with the letter of intention signed on May 27, 2013.

During the third quarter, the Group announced the deployment of additional measures to reduce costs concerning the “Transform 2015” restructuring plan initiated in 2012 (see note 9).

3.2 Subsequent events

As of October 14, 2013, the General Meeting of shareholders of Alitalia has validated, within the framework of the restructuring of the company, the principle of an increase in capital amounting to € 300 million. Following to this decision, Air France – KLM Group has fully depreciated its Alitalia shares.

4. ACCOUNTING POLICIES

4.1. Accounting principles

Accounting principles used for the interim condensed consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2012 were established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were drawn up.

The interim condensed consolidated financial statements as of September 30, 2013 have been prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were drawn up, and are presented according to IAS 34 "Interim financial reporting". They must be read in connection with the annual consolidated financial statements for the year ended December 31, 2012.

The interim condensed consolidated financial statements as of September 30, 2013 have been prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2012 with the exception of the standards and interpretations adopted by the European Union applicable for the Group starting January 1, 2013.

The condensed consolidated financial statements were approved by the Board of Directors on October 30th, 2013.

Change in accounting principles

The revised standards IAS 19 "Employee benefits", IFRS13 "Fair Value Measurement" and the amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" were applied for the first time as of March 31, 2013. The impacts of IAS 19 Revised on the consolidated financial statements of the Group are detailed in the note 2 « Restatements of accounts 2012 ». The impacts linked to the application of the other standards are not significant.

The standards applicable on a mandatory basis to the Group from January 1, 2014 are the following:

- Standard IFRS 10 "Consolidated Financial Statements" which will replace IAS 27 "Consolidated and Separate Financial Statements" for the part concerning the consolidated financial statements and also SIC 12 "Consolidation – Special Purpose Entities"
- Standard IFRS 11 "Joint Arrangements" which will replace IAS 31 "Interests in Joint Ventures" and also the interpretation SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers"
- Standard IFRS 12 "Disclosure on Interests in Other Entities"
- Standard IAS 28 (2011) "Investments in Associates"
- Amendment to IAS 32 "Offsetting Financial assets and Financial liabilities"

The other standards potentially applicable to the Group, published by the IASB but not yet endorsed by the European Union, are described below. Subject to their endorsement by the European Union, these standards will have to be applied:

- Interpretation IFRIC 21 "Levies", for the accounting periods starting January 1, 2014

- Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets", for the accounting periods starting January 1, 2014

The application of IFRS 10 and IFRS 11 is currently being considered. Nevertheless, the Group doesn't expect any significant change in its consolidation perimeter.
The impacts of the interpretation IFRIC 21 are also currently being considered.

4.2. Preparation of the interim condensed consolidated financial statements

Seasonality of the activity

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

Income taxes

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

4.3. Use of estimates

The preparation of the condensed consolidated financial statements 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 condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimations described in note 4 of the December 31, 2012 consolidated financial statements concerned:

- Revenue recognition related to deferred revenue on ticket sales
- Tangible and intangible assets
- Financial instruments
- Deferred tax
- Flying Blue frequent flyer program
- Provisions (including Employee benefits)

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 interim consolidated financial statements have been established taking into account the current economic and financial crisis unfolding since 2008 and on the basis of financial parameters available at the closing date. The immediate effects of the crisis have been taken into account, in particular the valuation of current assets and liabilities. Concerning the longer-term assets, i.e. the non-current assets, the assumption was that the crisis would be of limited duration.

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

5. CHANGE IN CONSOLIDATION SCOPE

Under the constitution of *HOP!,* the Group has acquired Airlinair. This operation was performed as follows:
- the sale, on February 28, 2013, of the shares owned in Financière LMP (39.86%), which owned Airlinair (see note 9),

- the acquisition, on February 28, 2013, of 100% of the shares Airlinair for €17 million. The goodwill relating to this operation amounts to €3 million.

The Group sold on May 15, 2013 its Italian subsidiary Servair Airchef, specialized in catering. The profit made on this operation amounts to €14 million.

6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information by activity and geographical area presented below is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

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

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

Geographical segments

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.

6.1 Information by business segment

- **Nine-month period ended September 30, 2013**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	16 501	2 117	2 461	1 571	-	22 650
Intersegment sales	(1 117)	(24)	(1 533)	(463)	-	(3 137)
External sales	**15 384**	**2 093**	**928**	**1 108**	**-**	**19 513**
Income from current operations	223	(184)	111	33	-	183
Income from operating activities	(2)	(230)	104	45	-	(83)
Share of profits (losses) of associates	(214)	-	2	2	-	(210)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(280)	(280)
Income taxes	-	-	-	-	(68)	(68)
Net income from continuing operations	**(216)**	**(230)**	**106**	**47**	**(348)**	**(641)**

- **Nine-month period ended September 30, 2012 (proforma)**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	16 394	2 286	2 332	1 487	-	22 499
Intersegment sales	(1 140)	(20)	(1 553)	(457)	-	(3 170)
External sales	**15 254**	**2 266**	**779**	**1 030**	**-**	**19 329**
Income from current operations	(132)	(203)	104	32	-	(199)
Income from operating activities	(511)	(249)	75	36	-	(649)
Share of profits (losses) of associates	(52)	1	1	1	-	(49)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(226)	(226)
Income taxes	-	-	-	-	(53)	(53)
Net income from continuing operations	**(563)**	**(248)**	**76**	**37**	**(279)**	**(977)**

6.2 Information by geographical area

<u>**Sales by geographical area**</u>

- **Nine-month period ended September 30, 2013**

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	4 397	4 706	283	943	2 777	1 562	14 668
Other passenger sales	303	231	12	43	52	75	716
Total passenger	**4 700**	**4 937**	**295**	**986**	**2 829**	**1 637**	**15 384**
Scheduled cargo	264	789	20	135	334	403	1 945
Other cargo sales	40	29	3	10	35	30	147
Total cargo	**304**	**818**	**23**	**145**	**369**	**433**	**2 092**

Maintenance	563	338	-	-	26	-	927
Others	367	670	24	49	-	-	1 110
Total	**5 934**	**6 763**	**342**	**1 180**	**3 224**	**2 070**	**19 513**

- **Nine-month period ended September 30, 2012**

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	4 409	4 681	285	961	2 627	1 589	14 552
Other passenger sales	289	222	10	46	48	87	702
Total passenger	**4 698**	**4 903**	**295**	**1 007**	**2 675**	**1 676**	**15 254**
Scheduled cargo	288	816	20	155	387	460	2 126
Other cargo sales	41	36	3	7	30	23	140
Total cargo	**329**	**852**	**23**	**162**	**417**	**483**	**2 266**
Maintenance	500	251	-	-	28	-	779
Others	317	646	21	45	-	1	1 030
Total	**5 844**	**6 652**	**339**	**1 214**	**3 120**	**2 160**	**19 329**

Traffic sales by geographical area of destination

- **Nine-month period ended September 30, 2013**

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	1 441	3 505	1 068	1 892	4 163	2 599	14 668
Scheduled cargo	4	34	103	399	788	617	1 945
Total	**1 445**	**3 539**	**1 171**	**2 291**	**4 951**	**3 216**	**16 613**

- **Nine-month period ended September 30, 2012**

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	1 481	3 506	1 053	1 906	4 017	2 589	14 552
Scheduled cargo	4	36	105	442	863	676	2 126
Total	**1 485**	**3 542**	**1 158**	**2 348**	**4 880**	**3 265**	**16 678**

7. EXTERNAL EXPENSES

In € millions	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months)**
Aircraft fuel	5 271	5 539
Chartering costs	355	417
Aircraft operating lease costs	698	718
Landing fees and air route charges	1 413	1 411

Catering	448	450
Handling charges and other operating costs	1 070	1 042
Maintenance costs	993	831
Commercial and distribution costs	657	677
Other external expenses	1 287	1 267
Total	**12 192**	**12 352**
Excluding aircraft fuel	*6 921*	*6 813*

8. SALARIES AND NUMBER OF EMPLOYEES

8.1 Salaries and related costs

In € millions	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months) Proforma**
Wages and salaries	4 121	4 179
Costs linked to defined contribution plans	430	435
Net periodic pension cost	318	276
Social contributions	912	927
Expenses related to share-based compensation	2	3
Other expenses	(55)	(16)
Total	**5 728**	**5 804**

The “other expenses” comprise the capitalization of salary costs on aircraft and engine overhaul.

8.2 Average number of employees

	01.01.2013 09.30.2013 (9 months)	**01.01.2012 09.30.2012 (9 months)**
Flight deck crew	8 358	8 431
Cabin crew	22 131	22 509
Ground staff	67 346	70 247
Total	**97 835**	**101 187**

9. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months) Proforma**
Restructuring costs	(220)	(359)
Impairment	(31)	(168)
Disposals of subsidiaries and affiliates	9	97
Other	(19)	(25)
Other non-current income and expenses	**(261)**	**(455)**

- **Nine-month period ended September 30, 2013**

During the third quarter 2013, the Group announced the additional reduction of Air France's wages costs. The overstaffing was estimated at 2 800 employees. In order to reach this target, a voluntary

departure plan was offered to ground staff. Their application period would start during the first quarter 2014. The reduction modality of overstaffed flight crews has not been settled on yet.
In these circumstances, the Group has made its best estimation of the costs involved by the voluntary departure plan and has recorded, as of September 30, 2013, a provision of €212 million. This provision will be updated as the application conditions evolve.

Within the framework of the valuation of its Irish and Belgium airlines, the Group has recorded an additional provision amounting to €29 million, included in the line "Impairment", to bring back the net asset of the group Cityjet and VLM to zero.

The line "Disposals of subsidiaries and affiliates" includes:
- the sale of the shares owned in Financière LMP (39.86%). The sale price of the transaction amounted to €7 million, generating a loss on disposal of €6 million (see note 5),
- the sale of the shares owned in Servair Airchef (50%). The sale price of the transaction amounted to €28 million, generating a gain on disposal of €14 million (see note 5).

- **Nine-month period ended September 30, 2012**

The Group has initiated a restructuring plan concerning the company Air France and its regional affiliates in France. This plan mainly comprised two parts: an adjustment in the fleet and a plan to reduce staff.
The plan's conditions have been presented to the bodies officially representing the Air France staff on June 2012. For subsidiaries, the discussion process continued during the second half year of 2012.
Concerning the resizing of the fleet, the modalities resulted in the disposal, sale, dismantling or termination of operating lease contracts.
Concerning the staff reduction plan which concerned 5 122 positions, it included assistance for voluntary retirement and a voluntary departure plan whose period of application started from the 4th quarter of 2012.
In these conditions, the Group made its best estimation of the costs involved by the plan and recorded a provision for restructuring amounting to €357 million as of September 30, 2012.

Within the framework of the restructuring plan "Transform 2015" and such as presented at the end of August 2012 to the works councils of the concerned companies, the Air France Group decided on the reorganization of its "regional" activity by separating the activity France grouped together within a "pole regional France" (PRF) of the other regional airlines in particular in Ireland and in Belgium.
In this framework, the Group proceeded to the review of the assets of City Jet and its subsidiary VLM, the measure having from now to be made on an independent way. This analysis drove the Group to depreciate the totality of the goodwill attached to VLM for an amount of €168 million, as presented on line "Impairment".

The "disposals of subsidiaries and affiliates" line included an amount of €97 million corresponding to the gain on disposal realised by the Group on March 1, 2012 concerning a private placement of Amadeus IT Holding SA share, whose sale proceeds amounted to €466 million.

10. COST OF FINANCIAL DEBT

The cost of financial debt includes as of September 30, 2013 an amount of €29 million corresponding to the difference between the nominal interest rate and the effective interest rate (after split accounting) of the OCEANE bonds issued (€18 million as of September 30, 2012).

11. OTHER FINANCIAL INCOME AND EXPENSES

In € millions	**01.01.2013 09.30.2013 (9 months)**	**01.01.2012 09.30.2012 (9 months)**
Foreign exchange gains (losses), net	44	(29)
Change in fair value of financial assets and liabilities	(15)	58
Net (charge) release to provisions	(4)	9
Other	(6)	-
Other financial income and expenses	**19**	**38**

The change in fair value of financial assets and liabilities recorded as of September 30, 2013 and September 30, 2012 arose mainly from the variation in the ineffective portion of fuel derivatives.

12. INCOME TAXES

The tax charge is mainly due to the fact that the Group has stopped to recognize, since October 1st, 2011, the deferred tax assets on tax losses of the Air France-KLM French tax Group.

The limitation of deferred tax assets has an impact of €(192) million on the tax charge as of September 30, 2013 (against €(294) million as of September 30, 2012).

13. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

Regarding the uncertainty of Alitalia's situation, the Air France-KLM Group decided to depreciate the whole value of its holding shares. Therefore, the Group recorded its share of loss of Alitalia and a provision for impairment, for a total amount of €202 million, under the line “Share of profits (losses) of associates”.