UNAUDITED 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, 2014 – June 30, 2014

Air France-KLM Group

CONSOLIDATED INCOME STATEMENT (unaudited)

In € millions **Period from January 1 to June 30**	***Notes***	**2014**	**2013 Restated(*)**
Sales	***6***	**12 005**	**12 222**
Other revenues		9	1
Revenues		**12 014**	**12 223**
External expenses	***7***	(7 616)	(7 883)
Salaries and related costs	***8***	(3 687)	(3 839)
Taxes other than income taxes		(93)	(97)
Amortization	***9***	(764)	(768)
Depreciation and provisions	***9***	(34)	(74)
Other income and expenses	***10***	(27)	(10)
Income from current operations		**(207)**	**(448)**
Sales of aircraft equipment		(5)	(4)
Other non-current income and expenses	***11***	(117)	(10)
Income from operating activities		**(329)**	**(462)**
Cost of financial debt	***12***	(223)	(240)
Income from cash and cash equivalents	***12***	39	39
Net cost of financial debt		***(184)***	***(201)***
Other financial income and expenses	***12***	(120)	(89)
Income before tax		**(633)**	**(752)**
Income taxes	***13***	34	72
Net income of consolidated companies		**(599)**	**(680)**
Share of profits (losses) of associates	***14***	(11)	(78)
Net income from continuing operations		**(610)**	**(758)**
Net income from discontinued operations	***15***	(4)	(38)
Net income for the period		**(614)**	**(796)**
- **Equity holders of Air France-KLM**		**(614)**	**(799)**
- Non controlling interests		-	3
Earnings per share – Equity holders of Air France-KLM (in euros) - basic and diluted	***16***	(2.07)	(2.70)
Net income from continuing operations - Equity holders of Air France-KLM (in euros) - basic and diluted	***16***	(2.06)	(2.57)
Net income from discontinued operations - Equity holders of Air France-KLM (in euros) - basic and diluted	***16***	(0.01)	(0.13)

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated(*)**
Net income for the period	**(614)**	**(796)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	(34)	194
Change in fair value transferred to profit and loss	9	-
Fair value hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	12	(23)
Cash flow hedges		
Effective portion of changes in fair value recognized directly in other comprehensive income	116	58
Change in fair value transferred to profit or loss	(55)	(55)
Currency translation adjustment	**(1)**	**2**
Deferred tax on items of comprehensive income that will be reclassified to profit or loss	**(42)**	**1**
Items of the recognized income and expenses of equity shares, net of tax	**-**	**7**
Total of other comprehensive income that will be reclassified to profit or loss	***5***	***184***
Remeasurements of defined benefit pension plans	**(829)**	**(154)**
Deferred tax on items of comprehensive income that will not be reclassified to profit or loss	**215**	**32**
Remeasurements of defined benefit pension plans of equity shares, net of tax	**-**	**(2)**
Total of other comprehensive income that will not be reclassified to profit or loss	***(614)***	***(124)***
Total of other comprehensive income, after tax	**(609)**	**60**
Recognized income and expenses	**(1 223)**	**(736)**
- Equity holders of Air France-KLM	**(1 219)**	**(737)**
- Non-controlling interests	(4)	1

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

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited)

Assets *In € millions*	***Notes***	**June 30, 2014**	**December 31, 2013 Restated(*)**
Goodwill		245	237
Intangible assets		986	896
Flight equipment	***17***	9 235	9 391
Other property, plant and equipment	***17***	1 765	1 819
Investments in equity associates		159	177
Pension assets	***18***	1 819	2 454
Other financial assets(**)		1 885	1 963
Deferred income tax assets		502	434
Other non-current assets		130	113
Total non current assets		**16 726**	**17 484**
Assets held for sale	***19***	26	91
Other short term financial assets (**)		790	1 031
Inventories		563	511
Trade receivables		2 284	1 775
Current income tax receivables		49	23
Other current assets		948	822
Cash and cash equivalents		3 298	3 684
Total current assets		**7 958**	**7 937**
Total assets		**24 684**	**25 421**

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

(**) Including:

In € millions	**June 30, 2014**	**December 31, 2013**
Deposits related to financial leases	720	780
Marketable securities	735	951

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity *In € millions*	***Notes***	**June 30, 2014**	**December 31, 2013 Restated(*)**
Issued capital	***20.1***	300	300
Additional paid-in capital		2 971	2 971
Treasury shares		(87)	(85)
Reserves and retained earnings	***20.2***	(2 160)	(941)
Equity attributable to equity holders of Air France-KLM		**1 024**	**2 245**
Non-controlling interests		44	48
Total equity		**1 068**	**2 293**
Provisions and retirement benefits	***18 - 21***	3 212	3 102
Long-term debt	***22***	8 101	8 596
Deferred income tax liabilities		16	178
Other non-current liabilities		348	397
Total non-current liabilities		**11 677**	**12 273**
Liabilities relating to assets held for sale	***19***	-	58
Provisions	***21***	617	670
Current portion of long-term debt	***22***	2 072	2 137
Trade payables		2 409	2 369
Deferred revenue on ticket sales		3 454	2 371
Frequent flyer program		753	755
Current income tax liabilities		2	2
Other current liabilities		2 555	2 327
Bank overdrafts		77	166
Total current liabilities		**11 939**	**10 855**
Total liabilities		**23 616**	**23 128**
Total equity and liabilities		**24 684**	**25 421**

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

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
December 31, 2012 (Restated) (*)	**300 219 278**	**300**	**2 971**	**(85)**	**406**	**3 592**	**48**	**3 640**
Fair value adjustment on available for sale securities	-	-	-	-	186	**186**	-	**186**
Gain / (loss) on cash flow hedges	-	-	-	-	11	**11**	-	**11**
Gain / (loss) on fair value hedges	-	-	-	-	(15)	**(15)**	-	**(15)**
Remeasurements of defined benefit pension plans	-	-	-	-	(123)	**(123)**	(2)	**(125)**
Currency translation adjustment	-	-	-	-	3	**3**	-	**3**
Other comprehensive income	***-***	***-***	***-***	***-***	***62***	***62***	***(2)***	***60***
Net income for the period	-	-	-	-	(799)	**(799)**	3	**(796)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(737)**	**(737)**	**1**	**(736)**
Share based payments	-	-	-	-	1	1	-	1
OCEANE	-	-	-	-	70	**70**	-	**70**
Treasury shares	-	-	-	1	-	**1**	-	**1**
Dividends paid	-	-	-	-	-	**-**	(2)	**(2)**
Change in consolidation scope	-	-	-	-	-	**-**	(7)	**(7)**
June 30, 2013 (Restated) (*)	**300 219 278**	**300**	**2 971**	**(84)**	**(260)**	**2 927**	**40**	**2 967**
December 31, 2013 (Restated) (*)	**300 219 278**	**300**	**2 971**	**(85)**	**(941)**	**2 245**	**48**	**2 293**
Fair value adjustment on available for sale securities	-	-	-	-	(24)	**(24)**	-	**(24)**
Gain / (loss) on cash flow hedges	-	-	-	-	22	**22**	-	**22**
Gain / (loss) on fair value hedges	-	-	-	-	8	**8**	-	**8**
Remeasurements of defined benefit pension plans	-	-	-	-	(610)	**(610)**	(4)	**(614)**
Currency translation adjustment	-	-	-	-	(1)	**(1)**	-	**(1)**
Other comprehensive income	***-***	***-***	***-***	***-***	***(605)***	***(605)***	***(4)***	***(609)***
Net income for the period	-	-	-	-	(614)	(614)	-	(614)
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(1 219)**	**(1 219)**	**(4)**	**(1 223)**
Treasury shares	-	-	-	(2)	-	**(2)**	-	**(2)**
June 30, 2014	**300 219 278**	**300**	**2 971**	**(87)**	**(2 160)**	**1 024**	**44**	**1 068**

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

Air France-KLM Group

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

In € millions **Period from January 1 to June 30**	***Notes***	**2014**	**2013 Restated(*)**
Net income from continuing operations		(610)	(758)
Net income from discontinued operations	***15***	(4)	(38)
Amortization, depreciation and operating provisions		805	848
Financial provisions		34	8
Results on disposals of tangible and intangible assets		(3)	3
Results on disposals of subsidiaries and associates		3	(9)
Derivatives – non monetary result		(25)	111
Unrealized foreign exchange gains and losses, net		117	(54)
Impairment	***11***	106	29
Share of (profits) losses of associates		11	78
Deferred taxes	***13***	(52)	(88)
Other non-monetary items		(168)	(58)
Subtotal		**214**	**72**
Of which discontinued operations		***(6)***	***(4)***
(Increase) / decrease in inventories		(40)	(20)
(Increase) / decrease in trade receivables		(473)	(551)
Increase / (decrease) in trade payables		47	281
Change in other receivables and payables		1 116	1 254
Change in working capital from discontinued operations		20	8
Net cash flow from operating activities		**884**	**1 044**
Acquisition of subsidiaries, of shares in non-controlled entities		(37)	(18)
Purchase of property plants, equipment and intangible assets		(835)	(633)
Loss of subsidiaries, of disposal of shares in non-controlled entities		5	26
Proceeds on disposal of property, plant and equipment and intangible assets		60	159
Dividends received		10	7
Decrease (increase) in net investments, more than 3 months		218	54
Net cash flow used in investing activities of discontinued operations		(20)	(2)
Net cash flow used in investing activities		**(599)**	**(407)**
Issuance of debt		1 145	1 214
Repayment on debt		(1 386)	(663)
Payment of debt resulting from finance lease liabilities		(299)	(311)
New loans		(18)	(71)
Repayment on loans		47	66
Dividends paid		-	(2)
Net cash flow from financing activities		**(511)**	**233**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		(77)	(18)
Change in cash and cash equivalents and bank overdrafts		**(303)**	**852**
Cash and cash equivalents and bank overdrafts at beginning of period		3 518	3 160
Cash and cash equivalents and bank overdrafts at end of period		3 221	4 010
Change in cash of discontinued operations		(6)	2

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Period from January 1 to June 30, 2014

Air France-KLM Group

1. BUSINESS DESCRIPTION

As used herein, the term "Air France–KLM" refers to Air France-KLM SA, a limited liability company organized under French law.

The term "Group" is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is passenger transportation. The Group's activities also include cargo, aeronautics maintenance and other air-transport-related activities including, principally, catering and charter services.
The limited company Air France-KLM, domiciled at 2 rue Robert Esnault-Pelterie 75007 Paris, France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).
The reporting currency used in the Group's financial statements is the euro, which is also Air France-KLM's functional currency.

2. RESTATEMENTS OF ACCOUNTS 2013

2.1. Early application of IFRIC 21 "Rights and duties"

On May 20, 2013 the IASB published IFRIC 21 Rights and duties, a new interpretation on the treatment of collected taxes by a public authority, effective as per fiscal year 2015.
The Group decided to apply already to this interpretation as of January 1, 2014. The impact is essentially a different allocation of the charge during the interim period (March 31, June 30 and September 30). The consolidated financial statements as of December 31, 2013 are not significantly affected by the application of this interpretation.
The consolidated financial statements as of June 30, 2013 have been restated for reason of comparison.
According to any new text, the application was made retrospectively.

Because of the early adoption of application of IFRIC 21:
- the consolidated income statement for the six month period ended June 30, 2013 has been impacted by an additional charge of €6 million on the taxes other than income tax, involving a (0.02) euro impact on the earning per share.
- On the consolidated balance sheet as at December 31, 2012, the reserves and retained earnings have been restated €(3) millions.

2.2. Presentation of the CityJet Group's financial statements as a discontinued operation

On December 20, 2013 Air France received a firm offer from Intro Aviation GmbH to purchase its subsidiaries CityJet and VLM. The employee representative bodies of the relevant companies needed to be informed and consulted to enable the disposal to be finalized. The CityJet Group, who has always dealt on its own trademark, comprised the only airlines in the Group that operated:
- outside the short/medium-haul scope defined by the Transform 2015 plan
- mainly on the basis of London City which appeared non-complementary to the Group activities
- with few operational links or "businesses" with the rest of the company (maintenance, information systems, etc).

This unit represented a clearly identifiable component, with limited links to the rest of the Group but nevertheless significant in term of business. As a result, the planned disposal justified to treat the two companies as discontinued operations as of December 31, 2013 as defined in the standard IFRS 5.
The consolidated financial statements as of June 30, 2013 have been restated for reason of comparison.

The impact on the net income from discontinued operations is given in note 15.

The disposal of CityJet and VLM has been realized at April 30, 2014 (see note 5).

3. SIGNIFICANT EVENTS

3.1. Occurred during the period

On February 19, 2014 the companies Air France – KLM and GOL Linhas Aéreas Inteligentes have signed an exclusive strategic partnership to reinforce their commercial cooperation between Brazil and Europe. Within the framework of this agreement, Air France – KLM has held 1.5% of the capital of GOL Linhas Aéreas Inteligentes as well as a long-term exclusivity right.

On June 5, 2014, Air France – KLM issued a bond of € 600 million. The same time, the Group redeemed a part of the bond issued in 2009, as described in note 22.

During the 1st semester 2014, the Group has continued the strategic review of its full-freighter business, different scenarios being currently under review. After a huge reduction of its activity in Paris CDG during the last years, the Group has decided to decrease its full-freighter fleet in Schiphol (The Netherlands) either through a partnership with a third party or through an internal restructuring. Impacts are described in note 11.

3.2. Subsequent events

There has been no significant event since the closing of the 6-months period with a material impact on the financial statements.

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, 2013 have been established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission at the date these consolidated financial statements were drawing up.

The interim condensed consolidated financial statements as of June 30, 2014 are prepared in accordance with the IFRS, as adopted by the European Union at the date of the preparation of these condensed consolidated financial statements, and are presented according to IAS 34 "Interim financial reporting" and must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2013.

The interim condensed consolidated financial statements as of June 30, 2014 are prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2013, except for standards and interpretations adopted by the European Union applicable from January 1, 2014.

The condensed consolidated financial statements were approved by the Board of Directors on July 24, 2014.

Change in accounting principles

The interpretation IFRIC 21 "Rights and Duties" has been applied for the first time by the Group on January 1, 2014, as it is described in note 2.1.

The standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure on Interests in Other Entities and IAS 28 "Investments in Associates" are applied by the Group since January 1, 2014. This application has no significant impact on the financial statements of the Group as of June 30, 2014.

The amendments to the standards IAS 32 "Presentation – Offsetting Financial assets and Financial liabilities", IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" and IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" have no significant impacts on the Group financial statements as of June 30, 2014.

The standards and amendments to standards potentially applicable to the Group, published by the IASB but not yet adopted by the European Union, are described below. They will be applicable as soon as they will be endorsed by the European Union:

- Amendment to the standard IAS 19 “Employee Benefits” for the accounting period starting on January 1, 2015
- Amendment to the standard IFRS 11 “Joint Arrangements” for the accounting period starting on January 1, 2016
- Amendment to the standard IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” for the accounting period starting January 1, 2016
- Standard IFRS 15 “Revenue from Contracts with Customers” for the accounting period starting January 1, 2017

4.2. Preparation of unaudited interim consolidated financial statements

Seasonality of the activity

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

Income taxes

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

Retirement benefits

Net obligation concerning the defined-benefits schemes are revalued based on discount rates and assets fair-value at the date of interim closings. The net impact of these revaluations is recorded in other comprehensive income.

4.3. Use of estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimates described in note 4 of the December 31, 2013 consolidated financial statements, concerned:

- Revenue recognition related to deferred revenue on ticket sales,
- Tangible and intangible assets,
- Financial assets,
- Deferred tax assets,
- 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 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 assumptions are based on a limited growth.
Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

5. EVOLUTION OF THE SCOPE OF CONSOLIDATION

• First semester ended June 30, 2014

Acquisition

On June 30, 2014, Air France Industrie US and Sabena technics signed an agreement according to which the Group acquired 100% of the capital of Barfield, US specialist of equipment support in the maintenance activity.
According to the requirements of standards IFRS 3 and IFRS 10, the Barfield company has been accounted according to the acquisition method and full integrated in the Group accounts starting from its acquisition date. The goodwill amounts to € 7 million.

Disposal

On April 30, 2014, the Group has sold to Intro Aviation GmbH its subsidiaries CityJet and VLM, Irish and Belgium regional airlines previously 100% held.
Having these two entities valued at their disposal value within the framework of their classification as discontinued operations in 2013 (see notes 2, 15 and 19), the result of their disposal has no significant impact on the Group consolidated accounts as of June 30, 2014.

• First semester ended June 30, 2013

Acquisition

Within the framework of the establishment of *HOP!*, the Group acquired Airlinair. This operation took place as follows:
- the sale, on February 28, 2013, of the shareholding in Financière LMP (39.86%), the parent company which owned Airlinair (see note 11),
- the acquisition, on February 28, 2013, of 100% of the Airlinair share capital for €17 million. The goodwill relating to this operation amounted to €3 million.

Disposal

On May 15, 2013, the Group sold its Italian subsidiary Servair Airchef, specialized in airline catering.

6. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

Passenger: 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.

Air France-KLM Group

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

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

Geographical segments

• Activity by origin of sales area

Following a decision of the Executive Board to reorganize the sales areas of the Group, the presentation of activities by origin of sale is divided into eight geographical areas since January 1, 2014 (against 6 areas before):

- Metropolitan France
- Benelux
- Europe (excluding France and the Benelux) and North Africa
- Africa
- Middle East, Gulf, India (MEGI)
- Asia-Pacific
- North America
- Caribbean, West Indies, French Guyana, Indian Ocean, South America (CILA)

Only segment revenue is allocated by geographical sales area.
The information as of June 30, 2013 has been restated for reason of comparison.

• Activity by destination

Group activities by destination are divided into six geographic areas:

- Metropolitan France
- Europe (excluding France) and North Africa
- Caribbean, West Indies, French Guyana and Indian Ocean
- Africa, Middle East
- Americas and Polynesia
- Asia and New Caledonia

6.1. Information by business segment

- **Six-month period ended June 30, 2014**

In € millions	**Passenger**	**Cargo**	**Maintenance**	**Other**	**Non allocated**	**Total**
Total sales	10 168	1 354	1 615	908	-	14 045
Intersegment sales	(691)	(10)	(1 039)	(300)	-	(2 040)
External sales	**9 477**	**1 344**	**576**	**608**	**-**	**12 005**
Income from current operations	(123)	(79)	52	(57)	-	(207)
Income from operating activities	(120)	(198)	49	(60)	-	(329)
Share of profits (losses) of associates	(15)	-	1	3	-	(11)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(304)	(304)
Income taxes	-	-	-	-	34	34
Net income from continuing operations	**(135)**	**(198)**	**50**	**(57)**	**(270)**	**(610)**

- **Six-month period ended June 30, 2013 (restated)**

In € millions	**Passenger**	**Cargo**	**Maintenance**	**Other**	**Non allocated**	**Total**
Total sales	10 294	1 421	1 633	925	-	14 273
Intersegment sales	(724)	(16)	(1 012)	(299)	-	(2 051)
External sales	**9 570**	**1 405**	**621**	**626**	**-**	**12 222**
Income from current operations	**(351)**	**(100)**	**57**	**(54)**	-	**(448)**
Income from operating activities	(361)	(115)	53	(39)	-	(462)
Share of profits (losses) of associates	(79)	-	1	-	-	(78)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(290)	(290)
Income taxes	-	-	-	-	72	72
Net income from continuing operations	**(440)**	**(115)**	**54**	**(39)**	**(218)**	**(758)**

6.2. Information by geographical area

Sales by geographical area

- **Six-month period ended June 30, 2014**

In € millions	Metropolitan France	Benelux	Europe except France and Benelux, North Africa	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2 872	853	2 196	408	198	813	1 159	554	9 053
Other passenger sales	169	81	85	22	3	45	8	11	424
Total passenger	**3 041**	**934**	**2 281**	**430**	**201**	**858**	**1 167**	**565**	**9 477**
Scheduled cargo	188	123	377	71	26	244	150	75	1 254
Other cargo sales	24	9	18	5	1	11	17	5	90
Total cargo	**212**	**132**	**395**	**76**	**27**	**255**	**167**	**80**	**1 344**
Maintenance	360	185	13	-	-	-	18	-	576
Others	230	326	3	32	-	-	-	17	608
Total	**3 843**	**1 577**	**2 692**	**538**	**228**	**1 113**	**1 352**	**662**	**12 005**

- **Six-month period ended June 30, 2013 (restated)**

In € millions	Metropolitan France	Benelux	Europe except France and Benelux, North Africa	Africa	Middle-Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Scheduled passenger	2 916	797	2 169	408	209	845	1 172	595	9 111
Other passenger sales	187	101	75	21	3	40	19	13	459
Total passenger	**3 103**	**898**	**2 244**	**429**	**212**	**885**	**1 191**	**608**	**9 570**
Scheduled cargo	200	133	370	78	25	257	160	86	1 309
Other cargo sales	27	-	18	6	1	19	18	7	96
Total cargo	**227**	**133**	**388**	**84**	**26**	**276**	**178**	**93**	**1 405**
Maintenance	372	222	10	-	-	-	17	-	621
Others	202	322	53	32	-	-	-	17	626
Total	**3 904**	**1 575**	**2 695**	**545**	**238**	**1 161**	**1 386**	**718**	**12 222**

Traffic sales by geographical area of destination

- **Six-month period ended June 30, 2014**

In € millions	**Metropolitan France**	**Europe except France, North Africa**	**Caribbean, French Guyana, Indian Ocean**	**Africa, Middle East**	**Americas, Polynesia**	**Asia, New Caledonia**	**Total**
Scheduled passenger	947	2 145	700	1 218	2 498	1 545	9 053
Scheduled cargo	2	23	71	241	506	411	1 254
Total	**949**	**2 168**	**771**	**1 459**	**3 004**	**1 956**	**10 307**

- **Six-month period ended June 30, 2013 (restated)**

In € millions	**Metropolitan France**	**Europe except France, North Africa**	**Caribbean, French Guyana, Indian Ocean**	**Africa, Middle East**	**Americas, Polynesia**	**Asia, New Caledonia**	**Total**
Scheduled passenger	962	2 150	685	1 196	2 504	1 614	9 111
Scheduled cargo	3	23	72	285	535	391	1 309
Total	**965**	**2 173**	**757**	**1 481**	**3 039**	**2 005**	**10 420**

7. EXTERNAL EXPENSES

In € millions **Period from January 1 to June 30**	**2014**	**2013 Restated**
Aircraft fuel	3 189	3 390
Chartering cost	209	231
Aircraft operating lease cost	430	465
Landing fees and air route charges	891	894
Catering	283	289
Handling charges and other operating cost	682	697
Aircraft maintenance cost	643	636
Commercial and distribution cost	437	434
Other external expenses	852	847
Total	**7 616**	**7 883**
Excluding aircraft fuel	*4 427*	*4 493*

8. SALARIES AND NUMBER OF EMPLOYEES

8.1. Salaries and related costs

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Wages and salaries	2 649	2 736
Costs linked to defined contribution plans	284	290
Net periodic pension cost	196	211
Other social contributions	573	596
Expenses related to share-based compensation	1	2
Other expenses	(16)	4
Total	**3 687**	**3 839**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This multi-employer plan being assimilated with a French State plan,is accounted for as a defined contribution plan in “costs linked to defined contribution plans”.

The “other expenses” among other include:
- The CICE tax credit,
- The capitalization of salary costs on aircraft and engine overhaul.

8.2. Average number of employees

Period from January 1 to June 30	**2014**	**2013** **Restated**
Flight deck crew	8 089	8 153
Cabin crew	21 470	21 866
Ground staff	65 126	67 465
Total	**94 685**	**97 484**

9. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Amortization		
Intangible assets	42	36
Flight equipment	604	602
Other property, plant and equipment	118	130
	764	**768**
Depreciation and provisions		
Inventories	(2)	-
Trade receivables	-	3
Risks and contingencies	36	71
	34	**74**
Total	**798**	**842**

10. OTHER CURRENT INCOME AND EXPENSES

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Joint operation of routes	(28)	(39)
Operations-related currency hedges	12	39
Other	(11)	(10)
Other current income and expenses	**(27)**	**(10)**

11. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Depreciation of CGU Cargo	(106)	-
Depreciation of assets available for sale	(4)	-
Restructuring costs	(7)	(4)
Disposals of subsidiaries and affiliates	(3)	9
Other	3	(15)
Other non-current income and expenses	**(117)**	**(10)**

- **Six-month period ended June 30, 2014**

During the 1st semester 2014, the Group has continued the strategic review of its full-freighter business, different scenarios being currently under review. After a huge reduction of its activity in Paris CDG during the last years, the Group has decided to decrease its full-freighter fleet in Schiphol (The Netherlands) either through a partnership with a third party or through an internal restructuring. This decision represents a trigger event that impairment may occur. An impairment test on the cargo cash generating unit (CGU) has then been made as of June 30, 2014. At the end of the test, an impairment has been recorded to decrease the carrying value of the aeronautical assets of the cargo CGU to the level of their fair market value according to appraisers' valuations. The impairment amounts to € 106 million.

- **Six-month period ended June 30, 2013 (restated)**

As of June 30, 2013, the "disposals of subsidiaries and affiliates" included:
- The sale of the shares owned in Financière LMP (39.86%) (see note 5),
- The sale of the shares owned in Servair Airchef (50%) (see note 5).

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

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Income from marketable securities	13	13
Other financial income	26	26
Income from cash and cash equivalents	**39**	**39**
Loan interests	(134)	(143)
Lease interests	(36)	(40)
Capitalized interests and other non-monetary items	4	5
Other financial expenses	(57)	(62)
Gross cost of financial debt	**(223)**	**(240)**
Net cost of financial debt	**(184)**	**(201)**
Foreign exchange gains (losses), net	(111)	34
Change in fair value of financial assets and liabilities	26	(115)
Net (charge) release to provisions	(34)	(2)
Other	(1)	(6)
Other financial income and expenses	**(120)**	**(89)**

As of June 30, 2014, gross cost of financial debt includes an amount of €25 million corresponding to the difference between the nominal interest rate and the effective interest rate (after split accounting) of the OCEANE bonds issued (€17 million as of June 30, 2013).

The interest rate used in the calculation of capitalized interest is 3.26 % for the six-month period ended June 30, 2014 (3.86% for the six-month period ended June 30, 2013).

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

The change in fair value of financial assets and liabilities recorded as of June 30, 2014 is related to the variation in the ineffective portion of fuel derivatives for €(19) million, foreign exchange derivatives for €22 million and the total return swap on Oceane 2005 for €23 million.

As of June 30, 2013, the change in fair value of financial assets and liabilities was mainly related to variation in the ineffective portion of fuel derivatives.

As of June 30, 2014, the line "Net (charge) release to provisions" includes a loss of €21 million relating to the Alitalia's shares – resulting from the bonds conversion in December 2013 within the framework of the financial restructuring of Alitalia – to put them at their fair value.

13. INCOME TAXES

13.1. Income tax charge

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Current tax (expense) / income	**(18)**	**(16)**
Change in temporary differences	(1)	15
CVAE impact	2	2
(Use / de-recognition) / recognition of tax loss carry forwards	51	71
Deferred tax income / (expense) from continuing operations	**52**	**88**
Total	**34**	**72**

The current income tax charge relates to the amounts paid or payable in the short term to the tax authorities for the period, in accordance with the regulations prevailing in various countries and any applicable treaties.

As of June 30, 2014, the Group recognized deferred tax assets on fiscal losses amounting to €77 million, relating to the Dutch fiscal Group. Moreover, the Group decided, within the framework of its considerations on the full-freighter activity in Schiphol, to fully de-recognize the deferred tax asset on pre-acquisition fiscal losses of Martinair. This has a negative impact on the deferred tax charge amounting to € 26 million.

In France, deficits are carried forward indefinitely. However, the 2011 and 2012 Finance Act introduced a limit on the amount of tax loss allowed to be recognized each year (amounting to only 50% of the profit of the period beyond the first million). This measure has the effect of lengthening the recovery period. They led the Group to limit, since October 1, 2011, the recognition of deferred tax assets linked to the Air France-KLM Group's tax loss carry forwards. The limitation of deferred tax assets as of June 30, 2014 has an impact of € (123) million on the tax charge, against € (170) million as of June 30, 2013.

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

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Treasury shares	**(2)**	**-**
OCEANE	**-**	**37**
Other comprehensive income that will be reclassified to profit and loss	**(42)**	**1**
Assets available for sale	*1*	*(8)*
Derivatives	*(43)*	*9*
Other comprehensive income that will not be reclassified to profit and loss	**212**	**32**
Pensions	*212*	*32*
Total	**168**	**70**

14. SHARE OF PROFITS (LOSSES) OF ASSOCIATES

- **Six-month period ended June 30, 2014**

Following to the dilution of its interest during the last 2013 quarter, the Group does not hold any equity shares in Alitalia, from that moment on recorded as other financial asset.

- **Six-month period ended June 30, 2013**

The "share of profits (losses) of associates" included mainly the share of Alitalia Group losses, amounting to €(65) million. This share of losses was calculated using an estimated result for the second quarter, the Board meeting of Alitalia which approved the financial accounts as of June 30, 2013, took place in August 2013.

15. NET INCOME FROM DISCONTINUED OPERATIONS

In € millions **Period from January 1 to June 30**	**2014**	**2013** **Restated**
Sales	38	79
Income from current operations	(5)	(9)
Non-current items	1	(29)
Income from operating activities	(4)	(38)
Financial income	-	-
Income before taxes	(4)	(38)
Income taxes	-	-
Net income from discontinued operations	**(4)**	**(38)**

As of June 2014, the line "Net income from discontinued operations" comprises to the result realized by CityJet and VLM before their disposal on April 30, 2014 (see notes 2 and 5). It also includes the gain of the disposal of these two companies which amounts to € 1 million. It is recorded as "non-current items" in the net income from discontinued operations.

As of June 30, 2013, within the framework of the valuation of the regional airlines CityJet and VLM, the Group recorded, as a non-current item, a provision of € 29 million to bring back the net asset of the group Cityjet and VLM to zero (see notes 2 and 19).

16. EARNINGS PER SHARE

Reconciliation of income used to calculate earnings per share

The result used to calculate earnings per share are as follows:

In € millions **Period from January 1 to June 30**	**2014**	**2013 Restated**
Net income for the period – Equity holders of Air France-KLM	(614)	(799)
Net income from continuing operations – Equity holders of Air France – KLM	(610)	(761)
Net income from discontinued operations – Equity holders of Air France – KLM	(4)	(38)

Since the Group does not pay dividends to preferred stockholders, there is no difference with the results appearing in the financial statements. The net income for the periods presented and used to calculate diluted earnings per share is the same as the results used to calculate earnings per share.

Reconciliation of the number of shares used to calculate earnings per share

In € millions **Period from January 1 to June 30**	**2014**	**2013**
Weighted average number of:		
- Ordinary shares issued	300 219 278	300 219 278
- Treasury stock held regarding stock option plan	(1 116 420)	(1 116 420)
- Treasury stock held for the share buyback plan	-	-
- Other treasury stock	(3 063 384)	(3 071 876)
Number of shares used to calculate basic earnings per share	**296 039 474**	**296 030 982**
OCEANE conversion	-	-
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**296 039 474**	**296 030 982**

17. TANGIBLE ASSETS

In € millions	**As of June 30, 2014**			**As of December 31, 2013**		
	Gross value	**Depreciation**	**Net Value**	**Gross value**	**Depreciation**	**Net Value**
Owned aircraft	8 935	(5 435)	3 500	8 862	(5 335)	3 527
Leased aircraft	6 730	(2 718)	4 012	6 732	(2 489)	4 243
Assets in progress	485	-	485	400	-	400
Other	2 211	(973)	1 238	2 163	(942)	1 221
Flight equipment	**18 361**	**(9 126)**	**9 235**	**18 157**	**(8 766)**	**9 391**
Land and buildings	2 770	(1 657)	1 113	2 828	(1 668)	1 160
Equipment and machinery	1 353	(981)	372	1 331	(949)	382
Assets in progress	110	-	110	95	-	95
Other	891	(721)	170	882	(700)	182
Other tangible assets	**5 124**	**(3 359)**	**1 765**	**5 136**	**(3 317)**	**1 819**
Total	**23 485**	**(12 485)**	**11 000**	**23 293**	**(12 083)**	**11 210**

The net value of the tangible assets financed under capital lease amounts to € 4 521 million as of June 30, 2014 (€4 769 million as of December 31, 2013).

18. PENSION ASSETS

For the six months ended June 30, 2014 the discount rates used by companies for defined benefit obligations are the following:

	As of June 30, 2014	As of December 31, 2013
Euro zone - Duration 10 to 15 years	2.45%	3.00%
Euro zone - Duration 15 years and more	3.10%	3.65%

The impact of variations of discount rates on the defined benefit obligation has been calculated using the sensitivity of the pension defined benefit obligation to variations in the discount rate, as mentioned in note 31.1 to the annual financial statements as of December 31, 2013.
Over the same period, the fair value of the plan assets of the pension funds has increased.
Both items have a cumulative impact resulting in :

- A decrease of € 717 million of the "pension assets" and
- An increase of € 113 million of the "provisions for retirement benefits".

19. ASSETS HELD FOR SALE AND LIABILITIES RELATING TO ASSETS HELD FOR SALE

- **Six-month period ended June 30, 2014**

The line “assets held for sale” includes the fair value of 4 aircraft held for sale for a total amount of € 26 million.

- **Year ended December 31, 2013**

As of December 31, 2013, the lines "Assets held for sale" and "Liabilities related to assets held for sale" corresponded, for respectively € 34 million and € 58 million to the assets and liabilities of the Group CityJet held for sale (see notes 2, 5 and 15).

Moreover, the line “Assets held for sale” also includes the fair value of 6 aircraft held for sale for a total amount of €57 million, including two Boeing B747 freighters in the Air France Group for € 51 million.

20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

20.1. Breakdown of stock and voting rights

As of June 30, 2014, the issued capital of Air France-KLM comprised 300 219 278 fully paid-up shares with a nominal value of €1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

	As of June 30, 2014		As of December 31, 2013	
	Capital	Voting rights	Capital	Voting rights
French State	16%	16%	16%	16%
Employees and former employees	7%	7%	7%	7%
Treasury shares	1%	-	1%	-
Other	76%	77%	76%	77%
Total	**100%**	**100%**	**100%**	**100%**

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

20.2. Reserves and retained earnings

In € millions	As of June 30, 2014	As of December 31, 2013 Restated
Legal reserve	70	70
Distributable reserves	412	734
Defined benefit pensions reserves	(1 803)	(1 193)
Derivatives reserves	(17)	(47)
Available for sale securities reserves	631	655
Other reserves	(839)	667
Net income (loss) – Equity holders of Air France-KLM	(614)	(1 827)
Total	**(2 160)**	**(941)**

21. PROVISIONS AND RETIREMENT BENEFITS

In € millions	As of June 30, 2014			As of December 31, 2013		
	Non current	Current	Total	Non current	Current	Total
Retirement benefits	1 963	-	1 963	1 853	-	1 853
Restitution of aircraft	605	182	787	606	148	754
Restructuring	-	347	347	-	442	442
Litigation	452	26	478	439	35	474
Other	192	62	254	204	45	249
Total	**3 212**	**617**	**3 829**	**3 102**	**670**	**3 772**

21.1. Provisions

21.1.1. Retirement benefits

See note 18.

21.1.2. Litigation

An assessment of litigation risks with third parties was carried out with the Group's attorneys and provisions have been recorded whenever circumstances required.
Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up within the framework of a tax audit 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 Air France-KLM Group and its subsidiaries Air France and KLM (and their subsidiaries) are involved in litigation, some of which may be significant.

21.1.3. Litigation concerning anti-trust laws in the air-freight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to twenty-five other airlines in investigations initiated by the anti-trust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted actions in the air-freight industry.

As of June 30, 2014 most of these proceedings had resulted in Plea Agreements made by Air France, KLM and Martinair with the appropriate agencies, and the payment of settlement amounts which ended procedures.

In Europe, the European Commission announced, on November 9, 2010, its decision to impose fines on 14 airlines including Air France, KLM and Martinair related to anti-competition practices - mainly concerning fuel surcharges in the air freight industry. The Commission imposed an overall fine of €340 million on the Air France-KLM Group companies.

As the Group's parent company, Air France-KLM was considered by the European Commission to be jointly and severally liable for the anti-competitive practices of which the Group companies were found guilty.
On January 24 and 25, 2011, the Group companies filed an appeal against the decision before the General Court of the European Union. The case is currently pending before the General Court. Since the appeal does not suspend the payment of the fines, the Group companies chose not to pay the fine immediately, but to provide bank guarantees until a definitive ruling by the European Courts.

On December 2, 2013, the Swiss anti-trust authority (COMCO) imposed a fine of €3.2 million on Air France and KLM. On February 12, 2014, the Group companies filed an appeal against this decision before the Federal Administrative Tribunal.

In South Korea on November 29, 2010, the Korean antitrust authority (KFTC) imposed on Air France-KLM, Air France and KLM a total fine of €8.8 million which was paid for €8.4 million in January 2011. The Group companies filed an appeal before the competent Seoul High Court in December 2010.

On May 16, 2012 the 6^{th} chamber of the Seoul High Court vacated the KFTC's decision against Air France-KLM on the grounds that Air France-KLM was not engaged in the air freight transportation business after it converted to a holding company on September 15, 2004. With regard to the appeals of Air France and KLM, the Court found in favour of the KFTC. Appeal filings against the Court decisions were submitted to the Supreme Court by both Air France and KLM in June 2012. Generally, the Supreme Court appeal process will take 1-2 years to conclude. The case is currently pending before the Supreme Court and its judgments should be issued in the second half of 2014.

Since December 2, 2013 (the imposition of a fine by the Swiss antitrust authorities), the Group companies have no longer been exposed to anti-trust proceedings with respect to alleged concerted practices in the air freight industry.

The total amount of provisions as of June 30, 2014 amounts to €374 million for the whole proceedings, which have not yet been concluded by a final decision.

21.1.4. Other provisions

Other provisions are mainly provisions for power-by-hour contracts (maintenance activity of the Group), provision for onerous contracts, provisions for parts of CO2 emission not covered by free allowance of quotas and provisions for dismantling buildings.

21.2. CONTINGENT LIABILITIES

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

21.2.1. Litigations concerning anti-trust laws in the air-freight industry

These litigations have not been provisioned given that the Group is unable, given the current status of proceedings, to evaluate its exposure.

Pursuant to the initiation in February 2006 of the various competition authority investigations and the European Commission's decision of November 9, 2010, several group and individual actions were brought by forwarding agents and air-freight shippers in civil courts in various countries against Air France, KLM and Martinair, and the other freight carriers. The Group companies vigorously oppose all such civil claims.

United States

In the United States, the Group concluded a Settlement Agreement with the representatives of the class action in July 2010, bringing to an end all claims and court proceedings in connection with unlawful practices for cargo transportation to, from and within the United States.
With respect to those Air France, KLM and Martinair customers who chose to be excluded, a portion of the

settlement proportional to the revenue Air France, KLM and Martinair received from those parties over the relevant period as compared with the overall revenue for this same period has been segregated in a separate escrow account. The parties who opted out are free to sue Air France, KLM and Martinair individually.

The Netherlands

a) Litigation vehicle Equilib has initiated two largely overlapping proceedings before the Amsterdam District Court aimed at establishing liability on behalf of 184 groups, whereby the actual amounts are to be determined in follow-up proceedings. Following the annulment by the Amsterdam Court of Appeal of the interim decision of the District Court to stay the proceedings, Air France, KLM and Martinair filed their statement of defence on April 2, 2014 in the first proceeding. The second proceeding will be introduced during the second half of 2014.
Air France, KLM and Martinair initiated contribution proceedings before the Amsterdam District Court against the other airlines included in the European Commission decision, which were stayed with the main proceedings. As the annulment of this stay by the Amsterdam Court of Appeal did not affect the stay of the contribution proceedings, Air France, KLM and Martinair asked the Court of Appeal in a separate appeal to annul the stay of the contribution proceedings, which would again synchronize the main and contribution proceedings. The Court of Appeal annulled the stay of the contribution proceedings in a judgment of February 4, 2014.

b) A second litigation vehicle, East West Debt (“EWD”), also initiated proceedings before the Amsterdam District Court to obtain compensation from the Group, as well as two other European airlines, for the claims of 8 individual shippers. Following the annulment by the Amsterdam Court of Appeal of the interim decision of the District Court to stay the proceedings, the case has resumed at the District Court and Air France, KLM and Martinair will file their statement of defence on August 6, 2014.
The Group has also initiated contribution proceedings at the Amsterdam District Court against the other airlines included in the European Commission decision.

c) A third litigation vehicle, Stichting Cartel Compensation (“SCC”), initiated proceedings before the Amsterdam District Court to obtain compensation from the Group and several other European and Asian airlines, for the claims of 877 individual shippers. The proceedings were introduced on April 2, 2014.
On June 25, 2014, the Group requested the Amsterdam District Court to stay the proceedings and permission to sue in contribution the other airlines included in the European Commission decision and five other Asian airlines.

d) On May 9, 2014, the China Chamber of International Commerce (CCOIC) initiated proceedings on behalf of some of its members (their exact number has not yet been determined) before the Amsterdam District Court to obtain compensation from KLM, Martinair and British Airways. The proceedings will be introduced on September 24, 2014.

United Kingdom

In the United Kingdom, a civil suit has been filed against British Airways with the English High Court by two flower importers. British Airways issued contribution proceedings against all the airlines fined by the European Commission including entities of the Group. To date, British Airways has neither quantified nor substantiated its purported claims. These contribution proceedings have been stayed.
In the main proceedings, the plaintiffs were granted permission to add parties to the proceedings, resulting in 565 plaintiffs.

Australia

Class action proceedings were instituted in 2007 against seven airlines (excluding the Air France-KLM Group) in the Australian Federal Court. In 2011, five of these airlines (Singapore Airlines, Cathay Pacific, Lufthansa, Air New Zealand and British Airways) filed cross claims against Air France, KLM and Martinair. In March 2014, the Group concluded a Settlement Agreement with the cross-claimants (except Air New Zealand) and the representatives of the class action, bringing an end to all claims and court proceedings for cargo transportation to and from Australia between January 1, 2000 and January 11, 2007. The Federal Court of Australia approved the Settlement Agreement on June 6, 2014. The Group also concluded a Release Deed with Air New Zealand bringing an end to its cross-claim against the Group

Norway

On May 25, 2012, a civil suit was filed by a company named Marine Harvest before the Norwegian court against the Group, as well as Lufthansa and SAS on the grounds of allegedly additional costs caused by anti-competitive practices. The Group companies have initiated contribution proceedings against the other airlines included in the European Commission Decision. On February 20, 2014 the court decided that the main and contribution proceedings are stayed awaiting the final outcome of the appeal before the EU court..

South Korea

In January 2014, LG Group has initiated proceedings against twelve companies, including Air France and KLM, before the Seoul District Court. On April 4, 2014, Air France and KLM filed their defence.

21.2.2. Litigations concerning anti-trust laws in the passenger sector

Canada

A civil class action was reinitiated in 2013 by claimants in Ontario against seven airlines including Air France and KLM. The plaintiffs allege that the defendants participated in a conspiracy to increase the price of passenger services by an adjustment in fuel surcharges from Canada to transatlantic destinations, for which they are claiming damages. Air France and KLM strongly deny any participation in such a conspiracy and intend to file a motion to dismiss. The proceeding has not been granted leave by the court to proceed as a class action, and there is no date set for a certification hearing.

21.2.3. Other litigations

a) Pretory

Company Air France, 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 September 2001 attacks, had entered into an agreement for the provision of safety officers on certain flights.
Despite a non prosecution decision by the Public Prosecutor, the investigating magistrate decided, on February 7, 2012, to bring the case to court on charges of concealed employment.
On July 9, 2013, the court imposed a €0.15 million fine on the company. Air France has filed an appeal against this decision which it deems to be without grounds.

b) KLM minority shareholders

In December 2012, two KLM minority shareholders filed a request with the Enterprise Chamber of the Amsterdam Court of Appeal to order an enquiry into, amongst other matters, the KLM’s dividend policy in respect of the years 2004-2005 to 2010-2011 periods.
This file relates to a claim for higher dividend for the fiscal year 2007-2008 by these shareholders together with the Vereniging van Effectenbezitters (VEB) initiated in January 2008 against KLM and Air France-KLM. In this last proceeding, a final decision ruling from the Dutch Supreme Court on July 2013 definitively rejected all claims against KLM.

The Enterprise Chamber did, however, uphold the request for an enquiry into the dividend policy for the period under consideration. The main focus of the enquiry is the manner in which Air France-KLM, in its capacity as the sole priority shareholder, and KLM's Management and Supervisory Boards executed clause 32 of KLM's Articles of Association. This provides that the priority shareholder may reserve part of the profits after consulting with the Management Board and the Supervisory Board of KLM. KLM has filed for cassation with the Supreme Court against the enquiry ordered.

c) Rio-Paris AF447 flight

Following to the crash of the Rio-Paris AF447 flight in the South Atlantic, a number of legal actions have been brought in the United States and Brazil and, more recently, in France by the victims’ heirs.

All these proceedings are aimed at receiving damages as reparation for the losses suffered by the heirs of the passengers who died in the crash.

In the United States, all the proceedings have been consolidated in California before the Northern District Court. On October 4, 2010, the District judge granted the defendants’ motion for dismissal on grounds of “forum non convenience” and suggested that they pursue their claim in France.

On March 17 and 18, 2011 respectively, Airbus and Air France were indicted for manslaughter by the investigating magistrate and incur the penalties of fines prescribed by law. Air France intends to challenge its implication in this case.
These penalties should not have a material effect on the financial situation of Air France.
The damages as reparation for the losses suffered by the heirs of the passengers who died in the crash are covered by Air France's third-party liability insurance policy.

Except for the matters specified under the paragraphs 21.1 and 21.2, the Group is not aware of any dispute or governmental, judicial and 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 Group's financial position, earnings, assets, liabilities or profitability, during a period including at least the past twelve months.

22. FINANCIAL DEBT

In € millions	**As of June 30, 2014**			**As of December 31, 2013**		
	Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Perpetual subordinated loan stock	568	-	568	552	-	552
OCEANE (convertible bonds)	859	644	1 503	1 478	-	1 478
Bonds	1 706	-	1 706	1 200	741	1 941
Capital lease obligations	3 529	628	4 157	3 808	599	4 407
Other long-term debt	1 439	714	2 153	1 558	653	2 211
Accrued interest	-	86	86	-	144	144
Total	**8 101**	**2 072**	**10 173**	**8 596**	**2 137**	**10 733**

Bond 2021

On June 5, 2014, Air France – KLM has issued a bond in euro amounting to € 600 million with a maturity date fixed at June 2021 (bond 2021) and an annual coupon of 3.875%.

On June 18, 2014, at the end of an offer to buy back bonds issued in 2009, launched by a bank, a part of them (€ 94 million in nominal) has been exchanged against 1 094 shares of the bond 2021.
The exchange value of this operation, accrued interests included, has amounted to € 109 million. It has no impact on the income statement because there is no substantial modification on the exchanged part of the bond 2009.
This exchange operation has allowed the Group to extend the debt maturity without any significant impact on the financial result.

Market value

As of June 30, 2014, the financial liabilities with a fair value significantly different from their book value are the following:

In € millions	**As of June 30, 2014**		**As of December 31, 2013**	
	Net book value	Estimated market value	Net book value	Estimated market value
Perpetual subordinated loan stock	568	275	552	248
OCEANE	1 503	1 815	1 478	1 733
Bonds	1 706	1 831	1 941	2 055
Total	**3 777**	**3 921**	**3 971**	**4 036**

23. LEASE COMMITMENTS

23.1. Capital leases

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

In € millions	**As of June 30, 2014**	**As of December 31, 2013**
Flight equipment	4 113	4 353
Buildings	550	584
Other	126	133
Total	**4 789**	**5 070**

23.2. Operating leases

The undiscounted amount of the future minimum operating lease payments for aircraft under operating lease totaled € 5 203 million as of June 30, 2014 (€5 431 million as of December 31, 2013).

24. FLIGHT EQUIPMENT ORDERS

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

In € millions	**As of June 30, 2014**	**As of December 31, 2013**
2nd semester Y (6 months)	119	-
Y + 1	495	381
Y + 2	671	436
Y + 3	548	616
Y + 4	973	536
> Y + 4	3 908	4 759
Total	**6 714**	**6 728**

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 within sight of owning as of June 30, 2014 decreased by1 compared with December 31, 2013 to 63 units. These changes are explained by the delivery of 3 aircraft and the transfer of 2 options into firm order over the period.

Long-haul fleet (passenger)

The Group took delivery of 1 Airbus A380. Moreover, 2 Boeing B777 in option have been transformed into firm order.

Medium-haul fleet

The Group took delivery of 2 Boeing B737s.

Regional fleet

The Group did not take any delivery.

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The Group's commitments concern the following aircraft:

Aircraft type	To be delivered in	Y (6 months)	Y+1	Y+2	Y+3	Y+4	Beyond Y+4	Total
Long-haul fleet – passenger								
A380	As of June 30, 2014	-	-	-	-	2	-	**2**
	As of December 31, 2013	-	1	-	-	-	2	**3**
A350	As of June 30, 2014	-	-	-	-	2	23	**25**
	As of December 31, 2013	-	-	-	-	2	23	**25**
B787	As of June 30, 2014	-	-	2	5	3	15	**25**
	As of December 31, 2013	-	-	-	3	5	17	**25**
B777	As of June 30, 2014	-	3	4	-	-	-	**7**
	As of December 31, 2013	-	-	3	2	-	-	**5**
Medium-haul fleet								
A320	As of June 30, 2014	-	-	3	-	-	-	**3**
	As of December 31, 2013	-	-	-	3	-	-	**3**
B737	As of June 30, 2014	-	-	-	-	-	-	**-**
	As of December 31, 2013	-	2	-	-	-	-	**2**
Regional fleet								
CRJ 1000	As of June 30, 2014	-	1	-	-	-	-	**1**
	As of December 31, 2013	-	-	1	-	-	-	**1**

25. RELATED PARTIES

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