BOARD OF DIRECTORS’ MEETING OF 31 JULY 2014

SNCF GROUP
30 June 2014

HALF-YEAR ACTIVITY REPORT

and

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

30 June 2014

HALF-YEAR ACTIVITY REPORT

IFRS in € millions

CONTENTS

THE SNCF GROUP IN 2014

1. MAJOR EVENTS IN THE FIRST HALF OF 2014

1.1. IMPAIRMENT LOSS REVERSALS

Impairment loss reversals were recognised for €163 million with respect to rail freight production resources within the SNCF Geodis division (all property plant and equipment and intangible assets excluding land and buildings). These reversals follow the change in economic models that resulted in the reallocation of production resources between the cash generating units of Rail freight and Rail freight fleet management and the adoption of impairment testing methods in accordance with IAS 36. They were recognised under “Impairment losses” in the income statement.

Detailed information is presented in Note 1.2.3 of the condensed half-year consolidated financial statements.

1.2. RAIL SYSTEM REFORM

The rail system reform bill was adopted by the National Assembly on 24 June 2014. The legislative process was followed by a public sitting of the Senate, which approved the bill on 10 July 2014. The law was ultimately adopted on 22 July 2014 and should be enacted by the President of the French Republic in August 2014 following the decision of the French Constitutional Council, should it be consulted. The reform is based on five objectives:

- The confirmation of a public service that is strengthened and better managed;
- The creation of an integrated public industrial group;
- The introduction of a national agreement to ensure the financial future of the public service;
- The creation of a labour framework for all rail sector players by maintaining the status of railway employees and unifying their group;
- Greater powers to the regulator, so as to guarantee impartiality in terms of network access.

The bill called for the set-up of a group organised according to three economically integrated EPICs (industrial and commercial public institution):

- The current EPIC Société Nationale des Chemins de fer Français (SNCF), the future SNCF Mobilités, will continue to carry out all the transport activities of the SNCF Proximités, SNCF Voyages and SNCF Geodis divisions, and manage stations of the Gares & Connexions division.
- The current Réseau Ferré de France (RFF), the future SNCF Réseau, will unify all the infrastructure management functions by combining SNCF Infra and Rail network operation and management currently part of the SNCF Infra division. It will guarantee fair access to the network for all rail companies.
- A "parent" EPIC, created under the reform and called SNCF, which will be responsible for strategic control and steering, economic coherence, and the public rail group's industrial integration and social unity.

The structural transfers from the current Société Nationale des Chemins de fer Français and Réseau Ferré de France to the future SNCF Réseau and the parent EPIC will be defined and finalised in application decrees over the second half.

Given the above, and since the IFRS 5 application criteria were not satisfied as at 30 June 2014, no item was reclassified in assets held for sale in the statement of financial position or in net profit from discontinued operations in the income statement.

1.3. LABOUR MOVEMENT

A strike involving a portion of SNCF employees took place between 11 and 23 June 2014 in opposition to the rail system reform bill and to debate the future of the rail sector. Despite a significant mobilisation of SNCF resources to limit customer impacts, the strike had repercussions in almost all Group divisions, particularly in terms of revenue losses and additional costs for customer compensation.

2. KEY FIGURES

In € millions	First half 2014	First half 2013
Revenue	16,014	16,010
Gross profit	1,069	1,296
Current operating profit	252	501
Operating profit after share of net profit of companies consolidated under the equity method	517	1,143
Finance costs	-199	-144
Net profit attributable to Equity holders of the parent company	224	865
Cash flow from operations	764	941
Net investments	1,097	1,004
Current operating profit after share of net profit of companies consolidated under the equity method	269	523
ROCE (1)	4.2%	7.3%
Employees	244,065	243,580

(1) ROCE or return on capital employed = the ratio between current operating profit after share of net profit of companies consolidated under the equity method and average capital employed.
The capital entering into this calculation is the algebraic sum of equity (including non-controlling interests - minority interests) and net indebtedness. They are adjusted for asset impairment. The average with the prior year's equity gives the average equity. The ROCE presented here was calculated on a 12-month rolling basis.

In € millions	30/06/2014	31/12/2013
Net debt	7,884	7,391

3. SUBSEQUENT EVENTS

Other than the final adoption of the rail system reform law of 22 July 2014 (see Note 2 of the condensed half-year consolidated financial statements), the main subsequent events are as follows:

3.1. AWARDING OF CONTRACT FOR “DOCKLANDS LIGHT RAIL” (DLR), THE AUTOMATED LONDON METRO SYSTEM

Transport for London (TfL) has chosen to partner with Keolis (70%) and Amey (30%) to operate its automated metro system, Docklands Light Rail (DLR). The initial 7-year contract will begin on 7 December 2014 and generate cumulative revenue of €883 million (£700 million).

3.2. EXPERT REPORTS ON THE BRÉTIGNY ACCIDENT SUBMITTED TO THE LEGAL AUTHORITIES

Nearly one year following the 12 July 2013 derailment of intercity train 3657 on the Paris-Limoges run in the Brétigny-sur-Orge (Essonne) station, two expert reports were submitted to the legal authorities on 6 July 2014. These reports, extracts of which were published in the press, are not in the hands of RFF or SNCF. Their interpretation must be approached with the greatest of caution. They are presented as an extension of the initial conclusions of the Bureau d’enquêtes sur les accidents de transport terrestre (BEA TT) (French accidents-enquiries office (ground transport)), issued on 10 January 2014. They also confirm the assumptions presented by RFF and SNCF following internal evaluations of the accident’s immediate cause. Finally, they are accompanied by other current and coming observations. All the evaluations will be the subject of an open debate as part of the legal proceedings.

For the past year, the RFF and SNCF dedicated team has assisted victims and their families. Under the aegis of the coordination authority designated by the Ministry of Transport, SNCF immediately committed to a compensation programme for the accident’s human and material consequences, with 124 proposals being presented to date.

As a precautionary measure, on 8 October 2013 SNCF and RFF launched the Vigirail programme, designed to improve switching safety and upgrade track maintenance. This programme includes actions that meet the recommendations issued by the BEA-TT in its progress report of 10 January 2014.

3.3. DENGUIN COLLISION

On Thursday 17 July 2014, TER 867285, travelling to Dax from Pau, collided with the rear section of TGV 8585 linking Tarbes to Paris-Montparnasse. The collision occurred beside the Lescar station, 14 km from Pau. The accident injured 40 people, 13 of which were hospitalised with 4 in serious condition, but no lives were endangered. The 175 passengers on board the TGV and the 80 passengers on the TER were all cared for. Travellers who so wished were able to continue to their destination by night train, bus and taxi.

Following the accident, three investigations were launched to determine the precise causes: that of the BEA-TT at the request of the Secretary of State for Transport, the legal inquiry initiated by the public prosecutor and the joint SNCF-RFF internal investigation.

Immediate local and national measures were decided, some of which have already been implemented, while others await the approval of the legal authorities.

This event, which occurred subsequent to the half-year closing, has no relation with the situations existing as at 30 June 2014. It has no impact on the Group’s condensed half-year consolidated financial statements. The financial consequences for SNCF must still be assessed over the second half.

GROUP RESULTS AND FINANCIAL POSITION

1. GENERAL OBSERVATIONS ON GROUP RESULTS

In € millions	First half 2014	First half 2013	2014 vs 2013 change	
Revenue	**16,014**	**16,010**	**5**	**0.0%**
Infrastructure fees	-1,859	-1,792	-67	3.8%
Purchases and external charges	-5,995	-5,887	-108	1.8%
Taxes and duties other than income tax	-569	-567	-3	0,5%
Employee benefit expense	-6,780	-6,685	-95	1.4%
Other income and charges	259	216	42	19.5%
Gross profit	**1,069**	**1,296**	**-227**	**-17.5%**
Depreciation and amortisation	-764	-731	-33	4.5%
Net movements in provisions	-54	-63	10	-15.5%
Current operating profit	**252**	**501**	**-250**	**-49.8%**
Net proceeds from asset disposals	110	74	36	48.8%
Fair value remeasurement of the previously held interest	-	-1	1	-100.0%
Impairment losses	138	546	-409	-74.8%
Operating profit	**500**	**1,121**	**-622**	**-55.5%**
Share of net profit of companies consolidated under the equity method	17	22	-5	-21.3%
Operating profit after share of net profit of companies consolidated under the equity method	**517**	**1,143**	**-626**	**-54.8%**
Finance costs of employee benefits	-46	-23	-23	103.0%
Net borrowing and other costs	-153	-122	-31	25.8%
Finance costs	**-199**	**-144**	**-55**	**38.0%**
Net profit before tax	**317**	**999**	**-681**	**-68.2%**
Income tax expense	-84	-123	39	-31.9%
Net profit from ordinary activities	**234**	**876**	**-642**	**-73.3%**
Net profit /(loss) from discontinued operations	0	-1	1	-96.2%
Net loss attributable to non-controlling interests (minority interests)	-9	-11	1	-11.7%
Net profit for the year attributable to Equity holders of the parent company	**224**	**865**	**-641**	**-74.1%**

Gross profit / revenue	*6.7%*	*8.1%*
Current operating profit / revenue	*1.6%*	*3.1%*
ROCE (1)	*4.2%*	*7.3%*

(1) See definition of ROCE in key figures.

1.1. Comparability of financial statements

The comparability of 2014 results with those of 2013 was impacted by the following changes:

in € millions		**Impact on revenue**
SNCF Proximités division	**Changes in 2013 Group structure** (1)	
	Acquisition of Pirnay	0.5
	Changes in 2014 Group structure	
	Acquisition of De Turck BVBA	2.4
	Exchange rate fluctuations	-41.7
SNCF Voyages division	**Changes in 2013 Group structure** (1)	
	Sale of Findworks	-4.8
	Other changes in Group structure	0.4
	Changes in 2014 Group structure	
	Sale of Avanti	-0.8
	Exchange rate fluctuations	-0.8
SNCF Geodis division	**Changes in 2013 Group structure** (1)	
	Acquisitions of Captrain Sweden and Denmark	0.7
	Other changes in Group structure	-0.2
	Exchange rate fluctuations	-81.9
Common operations and investments	**Changes in 2013 Group structure** (1)	
	Change in the consolidation method of Eurailtest	-1.6
	Change in the consolidation method of Orféa	-0.1
Total impact of changes in Group structure and exchange rate fluctuations		**-127.6**

(1) Operations carried out in 2013 having an impact on 2013 / 2014 revenue trends.

1.2. First-half 2014 results

1.2.1 Revenue

SNCF Group consolidated revenue, was steady period on period, totalling €16,014 million at the end of June 2014.

It was driven by:

- a Group structure impact of -€3 million (see Note 1.1),
- a foreign exchange impact of -€124 million (see Note 1.1),
- an organic increase of +€132 million (+0.8%); the changes for divisions were as follows:
  - SNCF Infra +€84 million, +3.4%
  - SNCF Proximités +€118 million, +2.0%
  - SNCF Voyages -€91 million, -3.1%
  - SNCF Geodis +€26 million, +0.6%
  - Gares & Connexions +€11 million, +9.0%

1.2.2 Gross profit

Standing at €1,069 million in 2014, gross profit has decreased by €227 million, or 17.5%, while gross profit over revenue decreased from 8.1% to 6.7% between 2013 and 2014.

Gross profit was impacted for approximately €170 million by the June 2014 strike *(see Note 1.3 of Major events in the first half of 2014)*.

In € millions	**First half 2014**	**First half 2013**	**2014 vs 2013 change**		**2014 vs 2013 change** *on a constant Group structure and exchange rate basis*	
Revenue	16,014	16,010	5	0.0%	132	0.8%
Employee benefit expenses	-6,780	-6,685	-95	1.4%	-121	1.8%
Purchases and external charges (excluding infrastructure fees, traction energy and fuel prices) and other income and expenses	-5,183	-5,071	-112	2.2%	-213	4.2%
Infrastructure fees	-1,859	-1,792	-67	3.8%	-67	3.8%
Traction energy and fuel prices	-554	-600	46	-7.7%	45	-7.4%
Taxes and duties	-569	-567	-3	0.5%	-4	0.7%
Gross profit	1,069	1,296	-227	-17.5%	-229	-17.7%
Gross profit / revenue	*6.7%*	*8.1%*				

NB: The analyses concerning gross profit involve changes on a constant Group structure and exchange rate basis.

Employee benefit expense increased by €121 million, or +1.8%, primarily due to the 1.7% rise in average staff costs per employee.

Purchases and external charges (excluding infrastructure fees, traction energy and fuel costs) and other income and expenses increased by €213 million (+4.2%). The increase of the French competitiveness and employment tax credit (CICE), calculated by applying a rate of 6% on the eligible payroll in 2014, compared to 4% in 2013, had a favourable impact on this line item. Excluding this impact, the increase in Purchases and external charges (excluding infrastructure fees, traction energy and fuel costs) and other income and expenses would have stood at +5.2%.

A significant portion of the increase is attributable to the business growth of the SNCF Infra division and Keolis. The new on-board catering model set up at the end of 2013 by the SNCF Voyages division also impacted this item.

The €67 million increase in **infrastructure fees** (+3.8%) is attributable for €106 million to a negative price impact on the RFF infrastructure fees paid by EPIC SNCF and for €40 million to a favourable volume impact arising from these same infrastructure fees.

Traction energy and fuel purchases decreased by 45 million (-7.4%), primarily due to favourable price and volume impacts on the thermal and electrical traction energy line item.

1.2.3 Current operating profit

Current operating profit stood at €252 million, down by €250 million compared to 2013.

The revenue to current operating profit conversion rate dropped from 3.1% in 2013 to 1.6% in 2014.

The increase in net depreciation and amortisation charges for €33 million was mainly due to the impairment loss reversal for SNCF Infra – Works and maintenance recorded in May 2013 (€33 million) and the impact of the commissioning of new assets net of the impact of the fully amortised assets (€31 million). Conversely, the impairment of TGV assets recognised at the end of 2013 lowered net depreciation and amortisation charges by €43 million.

The net movement in provisions was a €54 million charge at the end June 2014, compared to a €63 million charge at the end of June 2013.

1.2.4 Operating profit

Operating profit declined by €622 million, amounting to +€500 million.

Net proceeds from asset disposals in 2014 mainly comprised property sales.

Impairment losses in 2014 (+€138 million) mainly comprised the impairment loss reversal for rail freight production resources *(see Note 1.1 Major events in the first half of 2014)*. The 2013 accounts had been particularly impacted by the reversal of the impairment loss for SNCF Infra – Works and maintenance.

1.2.5 Finance costs

Finance costs fell by €55 million. Adjusted for negative fair value impacts, the item decreased by €24 million. This decrease was mainly attributable to a lower discount rate for the employee benefits provision (2.30% in 2014, compared to 2.55% in 2013).

1.2.6 Income tax

The income tax expense declined by €39 million between 2013 and 2014, due to the lower pre-tax income of the SNCF tax consolidation group.

The 2014 income tax expense mainly comprised tax on rail company profits.

1.2.7 Net profit attributable to equity holders of the parent company

As a result of all these changes, net profit attributable to equity holders of the parent company totalled €224 million compared to a profit of €865 million in 2013, after recognition of a net profit attributable to non-controlling interests (minority interests) of €9 million.

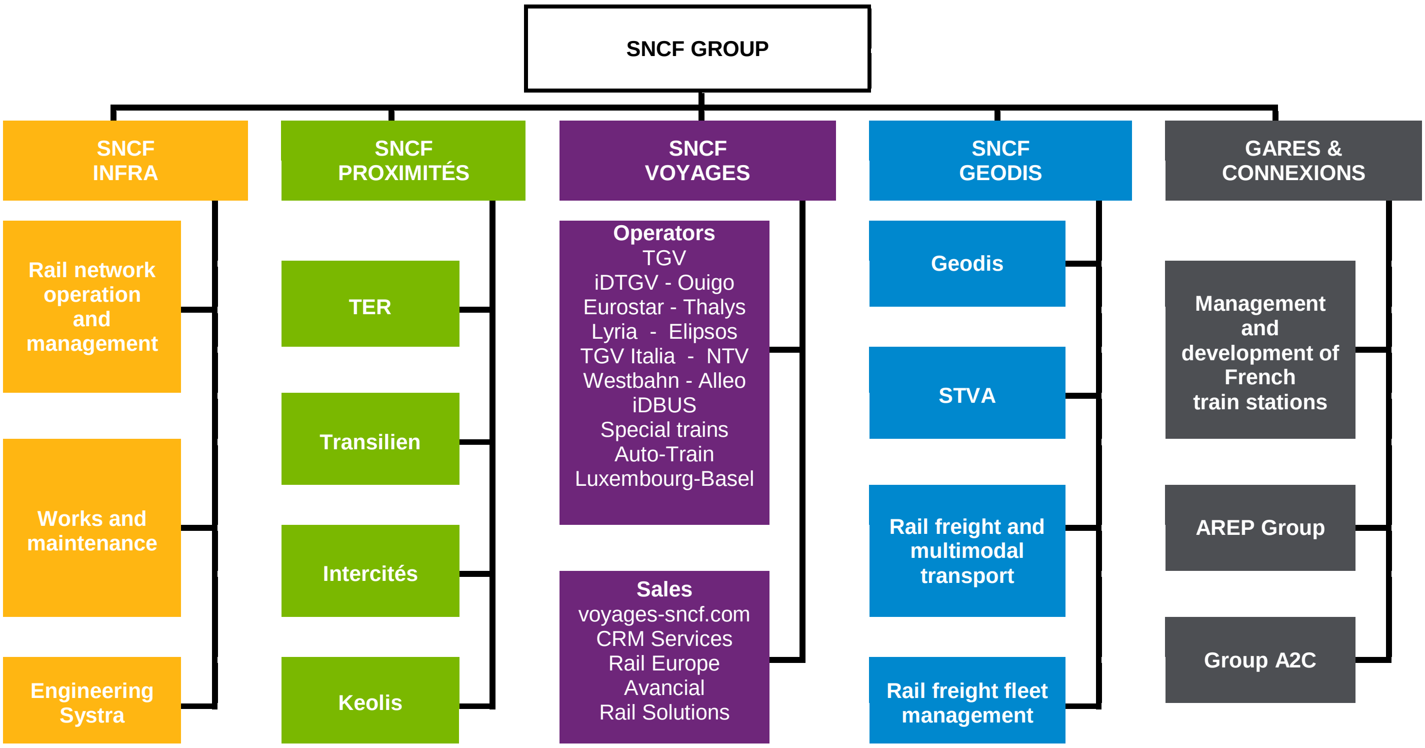
The €641 million decrease in net profit attributable to equity holders of the parent was attributable for €414 million to non-recurring items particularly the increase in impairment losses (€409 million). Impairment losses are analysed in Note 1.2.4. *(see above)*.

Recurring net profit decreased by €226 million, standing at +€58 million at the end of June 2014.

ROCE (calculated on current operating profit after share of net profit of companies consolidated under the equity method) dropped from 7.3% to 4.2%.

2. ACTIVITY AND RESULTS BY DIVISION

Group activity is structured according to five divisions that are supported by common operations: SNCF Infra, SNCF Proximités, SNCF Voyages, SNCF Geodis and Gares & Connexions.



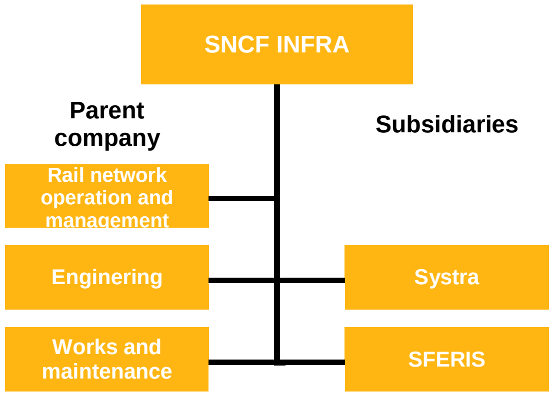
Contributions to revenue, gross profit, current operating profit and net investments of the Group's components break down as follows (the financial data per division shown in the table below and the tables on the following pages include all transactions between divisions, except for net investments presented as a Group contribution):

In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations and investments	Group
Revenue	2,593	5,879	2,849	4,385	137	171	16,014
Gross profit	60	292	259	190	121	148	1,069
Current operating profit	5	81	96	11	49	11	252
Current operating profit after share of net profit of companies consolidated under the equity method	5	89	101	12	49	14	269
Net investments	-61	-400	-244	-107	-98	-186	-1 097

Unless stated otherwise, the analyses of results per division are not restated for Group structure and foreign exchange impacts.

Beginning in 2014, group management monitors the external revenue generated by each division (group contribution) and not the revenue generated between each division. The revenue presented in the analyses by division is therefore external revenue. For comparison purposes, the published 2013 data was accordingly restated.

2.1. SNCF INFRA DIVISION



The SNCF Infra division includes:

– delegated infrastructure management activities on behalf of Réseau Ferré de France (traffic management and network maintenance);
– rail infrastructure engineering (Systra).

In € millions	First half 2014	First half 2013 (1)	Change
Revenue	2,593	2,509	84
Gross profit	60	68	-8
Gross profit / revenue	*2.3%*	*2.7%*	
Current operating profit	5	48	-44
Current operating profit after share of net profit of companies consolidated under the equity method	5	47	-43
Net investments	-61	-69	7

(1) External revenue (see Note 2).

Highlights

- The first half was marked by the completion of two major projects: the upgrading of the Alpin-Sud line between Chambéry and Valence and the opening of the tram-train line linking Nantes to Châteaubriant.
- Activity, which remained steady, mainly covered maintenance and renovation of the network's backbone lines, particularly in Ile-de-France (RER lines A, C and E, Paris-Saint-Lazare suburban lines), as well as regionally (Marseille – Toulon, Dijon – Dôle, Paris – Rouen – Le Havre in particular). In addition, major work was carried out north of Bordeaux with a view to linking the future Europe-Sud-Atlantique high-speed line to the existing network.
- In the early year, the SNCF Infra division and Réseau Ferré de France (RFF) united all the contributors and stakeholders involved in the unique infrastructure manager project (rail companies, organising authorities, and associations) in order to prepare the new organisation's corporate project (Réseau 2020).
- The division strengthened its international positioning through its subsidiary Systra, which was awarded the project management and phase 1 supervision contract for the Doha metro in Qatar. The division also contributed to the creation of a catenary component manufacturing company for the Chinese high-speed network, via its subsidiary SNCF Infra LBA.

2014 first-half results

- Revenue

In 2014, revenue for the SNCF Infra division rose by €84 million (+3.4%), standing at €2,593 million.

This growth is primarily driven by network maintenance and renovation work.

- Gross profit

The decrease in gross profit for the SNCF Infra division (-€8 million) is essentially due to the 2014 decline in favourable non-recurring impacts relating to relations with RFF.

- Current operating profit

The item, which declined by €44 million, is affected by the €33 million increase in depreciation and amortisation charges following the impairment loss reversal for SNCF Infra – Works and maintenance as of 1 May 2013.

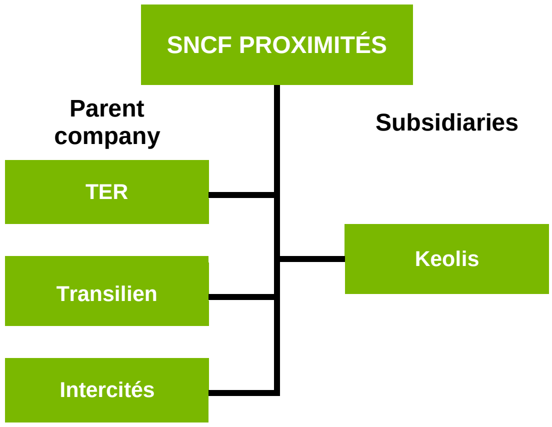
- Net investments

The investment level in 2014 was stable compared to 2013 and mainly consisted in the upgrading of production facilities.

2014 second-half outlook

- The second half of 2014 will be devoted to finalising the operating structures and methods of SNCF Réseau; the economic and financial trajectory of this new company will be planned in view of the future performance agreement with the French State.
- The volume of development or renovation work will grow significantly, particularly in Ile-de-France. As part of the Vigirail plan, the junction renovation programme will accelerate in line with the roll-out of new network monitoring equipment.

2.2. SNCF PROXIMITÉS DIVISION



The SNCF Proximités division encompasses all the Group's local transport activities: medium distance links (Intercités), rail transport regulated services (TER, Transilien and Keolis subsidiaries), bus, tramway and subway (Keolis) and complementary services relating to passenger transport.

In € millions	First half 2014	First half 2013 (1)	Change
Revenue	5,879	5,799	80
Gross profit	292	313	-21
Gross profit / revenue	*5.0%*	*5.4%*	
Current operating profit	81	130	-49
Current operating profit after share of net profit of companies consolidated under the equity method	89	135	-45
Net investments	-400	-289	-112

(1) External revenue (see Note 2)

Highlights

Transilien

- Responding to the wish of the Syndicat des Transports en Ile-de-France (STIF) to accelerate work on the Ile-de-France network, SNCF and RFF presented the Paris-Saint-Lazare network "reliability programme" on 5 March 2014 to the elected officials concerned.
- The roll-out of the new Francilien electric railcar continued over the first half of 2014. The J line (Paris-Saint-Lazare – Ermont-Eaubonne / Mantes-la-Jolie / Gisors) has now been equipped with this latest railcar.

Intercités

- The activity has launched a service quality improvement process for the Intercités lines (Qualicités programme), in parallel with the introduction of attractive sale offers for more than 300 destinations in France.

TER

- In terms of contracts signed during the first half of 2014, a new agreement was concluded with the Centre region and the TER Bretagne agreement was extended until 2017.
- Following the commercial operation authorisation of the Etablissement Public de Sécurité Ferroviaire (EPSF, Public Office of Rail Safety), the new Régiolis trains were inaugurated in six regions.
- Alain Le Vern, the activity's director, held a news conference on 8 April 2014, presenting the TER challenges and the actions implemented to create a new TER model with the regions and forge a relationship of trust with the organising authorities.

Keolis

- On May 23, the Department for Transport (DfT) in the UK announced that it had awarded the operation of the Thameslink Southern and Great Northern (TSGN) franchise to Govia, a partnership between Keolis (35%) and Go-Ahead (65%), beginning in September 2014. The significance of the seven-year deal is without precedent in the UK. It represents 22% of the UK's rail traffic and will generate annual revenues of €1.36 billion. This franchise is now the Keolis group's largest network, thus strengthening its public transport positioning in dense urban areas.
- A partner in the Grandlinq consortium, Keolis signed an agreement with the Region of Waterloo in Canada for the operation and maintenance of a tramway scheduled for launch in 2017. This tramway agreement, the first for Keolis in North America, signals the group's expansion towards the Canadian west.

2014 first-half results

- Revenue

Revenue rose by €80 million (+1.4%) compared to 2013. This change is mainly explained by:

- a positive Group structure impact of €3 million at Keolis *(changes in Group structure are presented in Note 1.1)*,
- an unfavourable foreign exchange impact for -€42 million.

On a constant Group structure and exchange rate basis, the division's revenue rose by +€118 million (+2.0%), driven by Keolis activity in France (+3.0%) and internationally (+14.0%), mainly in Australia, Sweden and the US.

- Gross profit

Gross profit for the SNCF Proximités division fell by €21 million (-6.7%) between 2013 and 2014. The decrease is essentially attributable to the June 2014 strike.

- Current operating profit

The division's current operating profit declined by €49 million due to:

- the change in depreciation and amortisation charges following the commissioning of rolling stock by Transilien in particular,
- a net movements in provisions for a net charge of €23 million compared to a net charge of €15 million in 2013.

- Current operating profit after share of net profit of companies consolidated under the equity method

The item benefited from a €4 million increase in the net profit of the Keolis UK companies between 2013 and 2014.

- Net investments

The division's investments increased substantially (+€112 million); in 2013, Transilien had benefitted in advance from the investment grants covering the acquisition of new Francilien trains in 2014.

2014 second-half outlook

TER

- The new TER agreement linking SNCF and the Haute-Normandie region should be signed in the second half of 2014.

Intercités

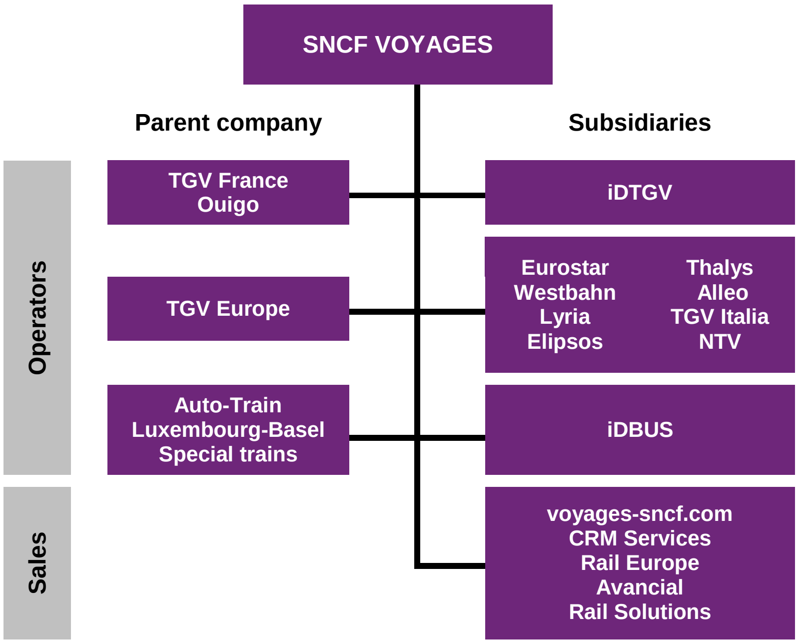
- In terms of contracts, Intercités should continue its discussions with the French State in the second half in order to follow up on the operating agreement that will end as at 31 December 2014.

Keolis

- In the second half, Keolis will pursue its international development. Responses to tender bids are expected in North America, India and the Middle East.

- In partnership with Amey, a UK public services provider, Keolis was awarded in early July a 7-year operating contract for Docklands Light Rail, the automated metro in London. Operations are slated to start at the end of the year, as is the case for the Thameslink franchise, also in the UK.

2.3. SNCF VOYAGES DIVISION



The SNCF Voyages division comprises:

– carrier services in France and Europe through its TGV, iDTGV, Ouigo, Eurostar, Thalys, and Lyria activities;
– the supply of services related to the transportation of passengers: distribution (with among others voyages-sncf.com) and train management.

In € millions	First half 2014	First half 2013 (1)	Change
Revenue	2,849	2,946	-97
Gross profit	259	389	-130
Gross profit / revenue	*9.1%*	*13.2%*	
Current operating profit	96	205	-109
Current operating profit after share of net profit of companies consolidated under the equity method	101	216	-115
Net investments	-244	-266	21

(1) External revenue (see Note 2)

Highlights

- In the first half of 2014, SNCF Voyages developed its international transport offering by proposing:
  - a new Thalys direct service for Belgium and the Netherlands from Lille-Europe;
  - the introduction of a third return trip between Paris and Barcelona;
  - the opening of new iDBus links to Spain and northern Europe, including the first entirely international line between Amsterdam, Brussels and London.
- The voyages-sncf.com site has launched a new offering, “Instants V,” which combines an events reservation service (sporting, cultural, etc.) and a transport offer.

2014 first-half results

- Revenue

The division’s revenue declined by €97 million (-3.3%), mainly due to a €129 million (-4.7%) decrease in traffic revenue. The revenue generated by the new catering contract (€36 million) slightly offset the decline.

- Gross profit

Gross profit for the SNCF Voyages division decreased by €130 million, standing at €259 million.

While the activity shrank, costs remained high overall, particularly in regard to infrastructure fees. The new on-board catering contract also affected the level of external purchases.

- Current operating profit

The division's current operating profit declined by €109 million, standing at €96 million; the deterioration in the gross profit was partially offset by:

– a decrease in depreciation and amortisation charges, related in particular to the impairment loss recognised at the end of 2013 for a portion of the TGV assets;
– the net movements in provisions for a net reversal of €0.3 million for the period ended 30 June 2014 compared to a net charge of €10 million in 2013.

- Current operating profit after share of net profit of companies consolidated under the equity method

In 2014, the item was affected by the €7 million decline in the Eurostar net profit.

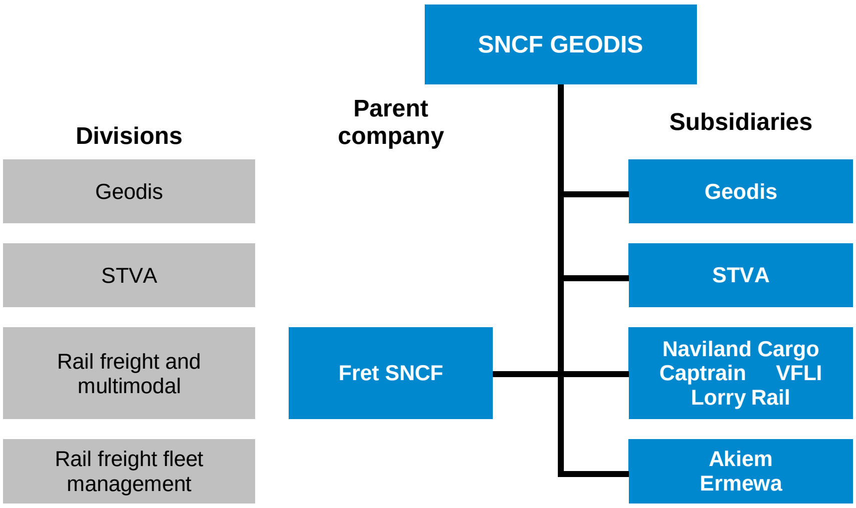
- Net investments

The 2014 investments of the SNCF Voyages division were down slightly compared to 2013 (-€21 million). They essentially comprise deliveries of TGV Euroduplex trains and renovations of the first generation TGVs.

2014 second-half outlook

- The challenges for the SNCF Voyages division for the second half 2014 will consist in:
  - proposing an additional segmented range of offers in order to promote customer satisfaction; to adapt to new market conditions, this involves boosting the percentage of low budget offers with Ouigo, iDTGV and Prem's rates;
  - managing multi-channel digital distribution and customer relations;
  - affirming its role as leader in eco-mobility and door-to-door services.
- The division will pursue and consolidate its international development in its activities as both operator and distributor.

2.4. SNCF GEODIS DIVISION



The SNCF Geodis division includes a full range of transport and freight logistics businesses.

In € millions	First half 2014	First half 2013 (1)	Change
Revenue	4,385	4,440	-55
Gross profit	190	147	42
Gross profit / revenue	*4,3%*	*3,3%*	
Current operating profit	11	-38	49
Current operating profit after share of net profit of companies consolidated under the equity method	12	-36	48
Net investments	-107	-133	26

(1) External revenue (see Note 2)

Highlights

- The first half of the SNCF Geodis division was marked by several commercial successes:
  - Geodis
    - Signature of new agreements with Point P for the completion and management of a new logistics platform in Pas-de-Calais and with Conforama Pologne for upstream transport, storage and distribution in France and Spain.
    - Renewal or extension of contracts with the Ministère de la Défense for equipment transport, and Moët Hennessy Diageo for the storage and distribution of wines and spirits.
  - STVA: Development of the used vehicle segment with major players such as Aramis, Natixis, and Renault VO.
  - Rail Freight and Multimodal
    - New contract with the German steelmaker Salzgitter Mannesmann Groβrohrwerk GmbH (Fret SNCF and Captrain Deutschland).
    - Renewal or extension of contracts with Brasseries Kronenbourg and Saint-Gobain.
  - Rail freight fleet management: contract with Orlen Koltrans, the transport subsidiary of Orlen, the leading Polish oil group, a decisive step in the roll-out of the Akiem offering on the Polish market.
- Geodis announced the sale of the Ciblex activities to EHDH-Eurotranspharma. This decision is the result of a strategic decision concerning the positioning of the Parcel Delivery & Express activities in traditional parcel delivery and industrial express delivery.
- On July 11, 2014, Geodis and AF Logistics concluded an agreement concerning the sale of Züst Ambrosetti (parcel delivery in Italy) and the creation of a partnership between the two groups.

- In January and April, Fret SNCF ran a 1,500-meter long train weighing 4,000 tons, thus establishing a new European record; the commercial operation of this type of train should become a reality in 2016.

2014 first-half results

- Revenue

Revenue fell by €55 million (-1.2%) compared to 2013. It was impacted by:

- a Group structure impact of +€1 million (*the breakdown of Group structure changes is shown in Note 1.1)*,
- a foreign exchange impact for -€82 million.

On a constant Group structure and exchange rate basis, revenue rose by 0.6% (+€26 million). The increase concerns the Freight Forwarding and international Logistics activities of Geodis and the Rail Freight and Multimodal division, up 1.5%.

- Gross profit

Gross profit increased by €42 million, driven by Geodis (+€34 million) and the Rail Freight and Multimodal division (+€21 million of which Fret SNCF +€11 million).

- Current operating profit

Current operating profit rose by €49 million in relation to gross profit.

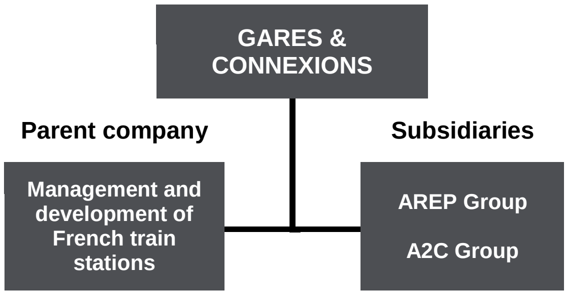
- Net investments

The decline in investments observed in 2014 concerns the Geodis and Rail freight fleet management divisions. As at 30 June 2014, they mainly comprise Ermewa acquisitions of wagons, transcontainers and containers and investments of the Rail Freight and Multimodal division.

2014 second-half outlook

- The economic environment of Western Europe, where the division still generates 80% of its revenue, will remain lacklustre in the second half of 2014. In this difficult context, SNCF Geodis has confirmed its improved profitability target, mainly due to the growth of Geodis and Fret SNCF.
- Revenue from Fret SNCF traffic will tend towards stability in 2014, the first time since 2007. This activity has maintained its trajectory in terms of improved results posted over the last four years thanks to an adjustment in resources, and productivity gains obtained through the “Industrial efficiency and development” programme.

2.5. GARES & CONNEXIONS DIVISION



Created on 1 January 2010, the aim of this fifth division is to introduce innovative services into stations, while inventing new areas of mobility for towns and cities. The main subsidiaries included in this division are the AREP group (architecture and urban planning) and the A2C group (commercial enhancement of stations).

In € millions	**First half 2014**	**First half 2013 (1)**	**Change**
Revenue	137	126	11
Gross profit	121	107	14
Gross profit / revenue including revenue between divisions (2)	*21.3%*	*18.8%*	
Current operating profit	49	45	4
Current operating profit after share of net profit of companies consolidated under the equity method	49	45	4
Net investments	-98	-49	-49

(1) External revenue (see Note 2)
(2) Rate not relevant to external revenue

Highlights

- The first half of 2014 was marked by the inaugurations of the Paris-Saint-Lazare station's newly upgraded esplanades, the Dax multimodal exchange hub and the historic hall of the Perpignan station.
- The projects relating to the renovation and extension of the Bordeaux-Saint-Jean and Paris-Austerlitz stations were presented to the stakeholders in the early year.
- In terms of station services and stores, Selecta was awarded a ten-year contract for the operation of vending machines in over 800 stations.

2014 first-half results

- Revenue

The division's revenue rose by €11 million (+9.0%), due to the increase in concession fees and revenue generated by the station service agreement concluded with RFF.

- Gross profit

The division's gross profit rose by €14 million between 2013 and 2014, essentially due to the station service agreement.

- Current operating profit

Current operating profit rose by €4 million, the higher gross profit was largely offset by higher depreciation and amortisation charges for €5 million and the €5 million increase in the net movements in provisions.

- Net investments

At €98 million, the investment volume of the Gares & Connexions division doubled in comparison to 2013.

2014 second-half outlook

- The second half of 2014 will be marked by the operational set-up of the joint venture with Relay for newspaper distribution in stations.
- The redevelopment of the major Parisian stations will continue with the competitive tendering procedure for offices and parking at the Paris-Austerlitz site and, for Paris-Montparnasse, the start of negotiations with Altarea, which was awarded the temporary occupation authorisation.

3. NET INVESTMENTS AND NET DEBT

3.1. NET INVESTMENTS

In € millions	First half 2014	First half 2013	Change	
Net investments	-1,097	-1,004	-94	+9%
Net disposals	239	154	85	+55%
Investments, net of disposals	**-859**	**-850**	**-9**	**+1%**

Net investments, increased by €94 million compared to 2013, standing at €1,097 million as at 30 June 2014. They essentially comprise:

- acquisitions of rolling stock for SNCF Voyages (TGV Euroduplex) and SNCF Proximités (Régiolis and Regio2N equipment);
- rolling stock renovation for SNCF Voyages, Transilien and TER;
- upgrading of SNCF Infra production facilities;
- acquisitions of new production resources (wagons, containers, locomotives) for the SNCF Geodis division subsidiaries;
- renovation and development by the Gares & Connexions division of the stations and multimodal exchange hubs with its scope.

Net disposals rose by €85 million compared to 2013; disposals for the year mainly involved real estate assets.

3.2. GROUP NET DEBT

In € millions	30 June 2014	31 December 2013	Change
Non-current debt	14,151	14,235	-84
Non-current receivables	-4,443	-4 375	-67
Net non-current debt	**9,708**	**9,859**	**-152**
Current debt	4,145	3,603	542
Current receivables	-5,968	-6 071	103
Net current debt	**-1,824**	**-2,469**	**645**
Net debt	**7,884**	**7,391**	**493**
Gearing (Net debt / Equity)	*1.2*	*1.1*	

Net debt amounted to €7.9 billion as at 30 June 2014, for a gearing (Net debt / Equity) of 1.2 (1.1 as at 31 December 2013). Net debt as a percentage of gross profit, calculated on a 12-month rolling basis, rose from 2.6 as at 31 December 2013 to 3.1 as at 30 June 2014.

The €0.5 billion increase in net debt compared to 31 December 2013 breaks down as follows:

Opening net debt	**7,391**
Cash from operations	-764
Net investments	1,097
Net disposals	-239
Dividends received from equity-consolidated companies	-18
Net external growth	39
Change in operating WCR	265
Dividend paid to the French State	175
Changes in fair value, amortised cost, translation difference	116
Tax WCR	-183
Other	5
Closing net debt	**7,884**

3.3. FINANCING SOURCES AND DEBT MANAGEMENT

Non-current debt decreased by €0.1 billion, while current debt increased by €0.5 billion.

These changes were essentially due to:

- the increase in cash liabilities for +€0.6 billion;
- the issue of new bonds for +€0.3 billion;
- the change in fair value of financial liabilities for +€0.3 billion;
- loan repayments to credit establishments for -€0.3 billion;
- finance lease repayments for -€0.3 billion.

Current receivables rose by €0.1 billion, whereas non-current receivables fell by €0.1 billion, particularly due to:

- the increase in marketable securities for +€0.3 billion;
- the change in fair value of financial assets for +€0.2 billion;
- a cash decrease for -€0.5 billion.

The parent company is responsible for managing most of the Group’s net debt and carried 92% of the Group’s external debt at the period-end.

The SNCF Group’s long-term debt is rated as follows by the main rating agencies:

	Long-term rating	Outlook	Report date
Standard & Poor's	AA-	Stable	15-May-14
Moody's	Aa2	Negative	12-June-14
Fitch Ratings	AA+	Stable	28-May-14

3.4. GROUP EXPOSURE TO MARKET RISKS

The management of market risks is governed by a general framework, approved by the SNCF Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the annual consolidated financial statements.

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4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RATIOS

In € millions	**30/06/2014**	**31/12/2013**
Goodwill	1,354	1,354
Intangible assets	1,209	1,260
Property, plant and equipment	15,211	15,007
Non-current financial assets	5,648	5,461
Investments in associates	1,074	1,058
Deferred tax assets	1,000	994
Non-current assets	**25,496**	**25,134**
Operating assets	8,755	8,511
Current financial assets	1,545	1,118
Cash and cash equivalents	4,553	5,060
Current assets	**14,853**	**14,689**
Assets held for sale	92	1
TOTAL ASSETS	**40,441**	**39,823**
Capital	4,971	4,971
Consolidated reserves	1,424	1,879
Net profit for the year	225	-180
Equity attributable to Equity holders of the parent company	**6,619**	**6,670**
Non-controlling interests (minority interests)	100	99
Total equity	**6,719**	**6,769**
Non-current employee commitments	2,116	2,044
Non-current provisions	880	874
Non-current financial liabilities	14,151	14,235
Deferred tax liabilities	226	238
Non-current liabilities	**17,372**	**17,390**
Current employee commitments	179	180
Current provisions	247	264
Operating payables	11,708	11,613
Operating liabilities	**12,134**	**12,057**
Current financial liabilities	4,145	3,603
Current liabilities	**16,278**	**15,660**
Liabilities associated with assets classified as held for sale	71	4
TOTAL EQUITY AND LIABILITIES	**40,441**	**39,823**
Gearing (Net debt / Equity)	*1.2*	*1.1*
Net debt / Gross profit calculated on a 12-month rolling basis	*3.1*	*2.6*

The statement of financial position recorded the following changes in 2014:

- a €51 million decrease in net intangible assets due to acquisitions, net of disposals, for +€65 million and depreciation, amortisation and impairment, net of reversals for -€116 million;
- a €204 million increase in net property, plant and equipment primarily due to acquisitions, net of disposals, for +€750 million, and depreciation, amortisation and impairment, net of reversals, for -€557 million;
- a €150 million decline in the working capital requirement;
- the decline in equity attributable to equity holders of the parent, which mainly includes the dividend paid to the shareholding State (-€175 million), the change in fair value of cash flow hedges (-€95 million), the actuarial gains and losses on employee defined-benefit plans (-€36 million), the change in translation differences (+€7 million) and the comprehensive income of the period (+€243 million).

Movements in financial assets and liabilities are analysed in Note 3.3.

5. FINANCIAL RELATIONS WITH THE FRENCH STATE, RÉSEAU FERRÉ DE FRANCE AND LOCAL AUTHORITIES

SNCF receives:

- public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework,

- operating and investment grants primarily received for the activities of the SNCF Proximités division.

5.1. PUBLIC SERVICE ORDERS

The table below shows the Group revenue generated with RFF, the Regions, STIF and the French State:

In € millions	**First half 2014**	**First half 2013**	**Change**
Compensation of Infrastructure Manager by RFF	1,651	1,594	56
including traffic and circulation management	*439*	*445*	*-5*
including network and asset management	*1,211*	*1,150*	*62*
Work for RFF	936	909	26
Total RFF	**2,586**	**2,504**	**83**
Compensation for regional rates	268	251	17
Services for the Organising Authorities	1,960	1,884	76
Total Regions and STIF	**2,228**	**2,135**	**93**
Newspapers	0	2	-2
Socially-motivated prices	13	31	-18
Defence	77	78	-1
Trains d'Equilibre du Territoire (TET)	150	155	-5
Total French State	**240**	**266**	**-26**
TOTAL	**5,054**	**4,905**	**149**

The increase in the Infrastructure Manager's compensation stems from the increase in network maintenance operations.

The increase in work for RFF (+€26 million) is mainly due to superior production volumes as part of the agency agreement covering project management / project ownership.

The services for the Organising Authorities and STIF and the rate compensation increased by €93 million compared to 2013 in relation to contract indexation mechanisms.

5.2. GRANTS AND PUBLIC CONTRIBUTIONS OBTAINED FROM THE FRENCH STATE AND GOVERNMENT AUTHORITIES

Public contributions granted to the Group by the French State and government authorities are presented in the following table:

In € millions	First half 2014	First half 2013	Change
Operating grants	15	29	-15
Payments received for concession financial assets (1)	349	248	101
Investment grants relating to intangible assets and PP&E	50	92	-42
Total	**414**	**370**	**45**

(1) Of which €1 million related to the Trains d'Equilibre du Territoire agreement (€8 million in 2013).

Payments received for concession financial assets and investment grants received

SNCF receives investment grants in the form of third-party financing, primarily from local authorities, for rolling stock.

In accordance with IFRIC 12, grants received as part of a concession are presented in the statement of financial position as a deduction from the intangible assets or financial assets, according to the applicable model, following the analysis of each concession agreement. With regard to concession financial assets, the grants received are considered as a means of reimbursing such assets.

In the income statement, investment grants relating to intangible assets and property, plant and equipment are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

6. EMPLOYEE MATTERS

6.1. AVERAGE WORKFORCE

	30/06/2014	30/06/2013	Change		Change on a constant Group structure basis and excluding internal transfers (1)	
SNCF Infra division	**51,848**	50,934	+1.8%	914	+1.6%	814
SNCF Proximités division	**80,122**	66,326	+20.8%	13,795	+3.2%	2,146
including Keolis group	***49,573***	*47,925*	*+3.4%*	*1,647*	*+3.3%*	*1,598*
SNCF Voyages division	**23,858**	24,655	-3.2%	-797	-2.3%	-567
SNCF Geodis division	**44,319**	45 956	-3.6%	-1,638	-3.6%	-1,649
including Geodis Group	***30,729***	*31,576*	*-2.7%*	*-847*	*-2.7%*	*-858*
Gares & Connexions	**3,377**	3,262	+3.5%	115	+3.5%	115
Common Operations and investments	**40,541**	52,446	-22.7%	-11,905	-1.3%	-690
TOTAL	**244,065**	243,580	+0.2%	485	+0.1%	170

(1) Main impacts of change in Group structure :

- Common Operations and investments: change of control over Orféa (+289).
- Internal transfers concern a decentralisation of production resources (rolling stock maintenance, train driving and maintenance) towards the passenger activities of EPIC SNCF.

The main changes on a constant Group structure basis and excluding internal transfers are as follows:

- SNCF Infra's workforce increased due to the network modernisation and development work.
- The increase in employees for the SNCF Proximités division is mainly explained by the growth of Keolis in intercity (+248) and internationally (+1,110, particularly in the Netherlands, Sweden and Australia).
- The reduction in SNCF Geodis' workforce was attributable to the decline in activity observed for certain business lines of this division.

The increase in the workforce of subsidiaries in recent years mainly reflects the changes in Group structure:

	1st half 2014	*2013*	*2012*	*2011*	*2010*	*2009*
Parent company (1)	154,192	155,371	156,110	156,047	157,894	161,771
Subsidiaries	89,873	89,200	87,844	89,043	83,084	38,326
TOTAL	**244,065**	**244,570**	**243,954**	**245,090**	**240,978**	**200,097**

(1) Including seconded employees

6.2. MAIN AGREEMENTS SIGNED IN THE FIRST HALF OF 2014

A single collective agreement was signed by the SNCF parent company with representative trade union organisations:

- amendment no. 1 to the collective agreement of 6 November 2013 setting up a "healthcare cost" reimbursement scheme for SNCF parent company employees covered by the general social security scheme signed on 27 May 2014.

7. CHALLENGES AND OUTLOOK

Given an economic environment that remains difficult in France and the revenue loss resulting from the strike, the 2014 annual outlook remains uncertain:

- the forecasts for the latter part of 2014 project a light increase in volumes for freight transport, a modest rise in passenger rail traffic and a decline for SNCF Voyages. However, activity for SNCF Infra and Keolis is expected to remain dynamic driven by international development;

- a calculated rise in gross profit for SNCF Geodis and Keolis to offset the difficulties anticipated for:

  - Intercités, whose activity is structurally loss-making despite an agreement signed with the French State as Organising Authority, is now self-financed almost entirely by SNCF;
  - SNCF Voyages, affected by unchanging traffic associated with a decrease in average revenue and a continuing rise in infrastructure fees.

- a selective and optimised investment policy, in the amount of €2.1 billion, in order to guarantee service quality, particularly in Ile-de-France;

- a positive free cash flow[1] and a controlled level of debt.

However, the achievement of the 2014 objectives will require an unflagging pursuit of the company's performance plans, the realisation of a new plan to cut overheads and capital expenditure by the end of 2014, and a recovery in growth, particularly in France.

Beyond the necessity of implementing further cost-cutting measures, the results for the first half of 2014 reveal the tremendous fragility of the TGV and Intercités economic models. The resulting strategic thinking is now ongoing and could give rise to significant changes by the end of the year.

[1] Free cash flow corresponds to the resources generated by operations that are available to the group after it has financed its capital expenditure. It is determined by adding cash flow from operations after net borrowing costs and taxes, dividends received from equity consolidated companies, acquisitions of PP&E and intangible assets including leased assets net of disposals and investment grants received, and changes in cash flows on concession financial assets.

CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS

The Board of Directors of the industrial and commercial public enterprise SNCF comprises eighteen members:

- Seven representatives of the French State appointed by decree, based on the report of the Transport Minister:
  - two at the recommendation of the Transport Minister;
  - one at the recommendation of the Minister for Economy and Finance;
  - one at the recommendation of the Budget Minister;
  - one at the recommendation of the Minister for Planning and Regional Development;
  - one at the recommendation of the Minister for Industry;
  - the Chairman of the Board appointed from among the directors and at their recommendation by a Council of Ministers' decree.
- Five members chosen for their expertise and appointed by decree:
  - a representative of passengers; ·
  - a representative of shippers;
  - two local councillors chosen for their knowledge of regional, department and local rail-related matters;
  - an individual chosen for his personal expertise in the transport sector.
- Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200 members.

A Council of State (Conseil d'État) decree lays down the parent company by-laws and sets the procedures for the appointment and election of Board members.

Board members are appointed for a five-year term of office. A director may not exercise more than three consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner, has an advisory seat on the Board and all committees and commissions created.

The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.

The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board. The Board of Directors holds at least ten meetings annually.

The Board of Directors has six committees:

Strategic Committee, responsible for reviewing the annual and long-term strategic and financial directions of the parent company and the Group, as well as Group structure operations;

Audit and Risk Committee, responsible for reviewing the annual and half-year financial statements, risk mapping and the annual internal audit work programme;

Contracting Committee, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

Passengers Committee, responsible for monitoring rail transport agreements between local authorities, public institutions and SNCF, and more generally overall passenger problems;

Transport and Logistics Committee, responsible for reviewing the activity and strategies of the SNCF Geodis division.

Economic and Social Cohesion Committee, responsible for informing the Board of the social and human challenges of the company's main transformation projects and, more generally, its strategy.

2. MANAGEMENT TEAM

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name. The Executive Committee has seventeen members (including the Chairman).

30 JUNE 2014

SNCF GROUP CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

IFRS – in € millions

2, place aux Etoiles – CS 70001 – 93633 La Plaine ST Denis Cedex

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CONSOLIDATED INCOME STATEMENT

in € millions	Notes	30/06/2014	30/06/2013
Revenue	3	16,014	16,010
Purchases and external charges	4	-7,854	-7,679
Employee benefits expense		-6,780	-6,685
Taxes and duties other than income tax		-569	-567
Other operating income and expenses		259	216
Gross profit		**1,069**	**1,296**
Depreciation and amortisation		-764	-731
Net movements in provisions		-54	-63
Current operating profit		**252**	**501**
Net proceeds from asset disposals	6	110	74
Fair value remeasurement of the previously held interest		0	-1
Impairment losses	5	138	546
Operating profit		**500**	**1,121**
Share of net profit of companies consolidated under the equity method		17	22
Operating profit after net profit of companies consolidated under the equity method		**517**	**1,143**
Net borrowing and other costs	7	-153	-122
Finance costs of employee benefits		-46	-23
Finance costs		**-199**	**-144**
Net profit before tax from ordinary activities		**317**	**999**
Income tax expense		-84	-123
Net profit from ordinary activities		**234**	**876**
Net profit from discontinued operations		0	-1
Net profit for the year		**234**	**876**
Net profit for the year attributable to equity holders of the parent		**224**	**865**
Net profit for the year attributable to non-controlling interests (minority interests)		9	11

The parent company's capital comprises contributions from the French State and not shares. Furthermore, the Group does not fall within the scope of IAS 33 "Earnings per share." For these two reasons, no earnings per share was calculated or presented in the Group condensed consolidated half-year financial statements.

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € millions	30/06/2014	30/06/2013
Net profit for the year	**234**	**876**
Other comprehensive income:		
Change in foreign currency translation	8	-13
Tax on change in foreign currency translation	0	1
	9	*-11*
Change in value of available-for-sale assets	4	-1
Tax on change in value of available-for-sale assets	-2	0
	3	*0*
Change in fair value of cash flow hedges	-99	15
Tax on change in fair value of cash flow hedges	2	-1
	-97	*15*
Share of recyclable other comprehensive income of companies consolidated under the equity method	19	-24
Total recyclable other comprehensive income	**-67**	**-20**
Actuarial gains and losses arising from employee defined benefit plans	-35	5
Tax on actuarial gains and losses arising from defined benefit plans	0	0
	-35	*5*
Share of non-recyclable other comprehensive income of companies consolidated under the equity method	1	7
Total non-recyclable other comprehensive income	**-34**	**12**
Total comprehensive income for the period	**133**	**868**
Total comprehensive income attributable to equity holders of the parent	**120**	**858**
Total comprehensive income attributable to non-controlling interests (minority interests)	11	10

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

in € millions	Notes	30/06/2014	31/12/2013
Goodwill		1,354	1,354
Intangible assets		1,209	1,260
Property, plant and equipment	8	15,211	15,007
Non-current financial assets	9	5,648	5,461
Investments in associates		1,074	1,058
Deferred tax assets		1,000	994
Non-current assets		**25,496**	**25,134**
Inventories and work-in-progress		1,057	1,018
Operating receivables		7,698	7,493
Operating assets		**8,755**	**8,511**
Current financial assets	9	1,545	1,118
Cash and cash equivalents		4,553	5,060
Current assets		**14,853**	**14,689**
Assets classified as held for sale	12	92	1
Total assets		**40,441**	**39,823**

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

CONSOLIDATED EQUITY AND LIABILITIES

in € millions	**Notes**	**30/06/2014**	**31/12/2013**
Share capital		4,971	4,971
Consolidated reserves		1,424	1,879
Net profit/(loss) for the period attributable to equity holders of the parent		225	-180
Equity attributable to equity holders of the parent		**6,619**	**6,670**
Non-controlling interests (minority interests)		100	99
Total equity		**6,719**	**6,769**
Non-current employee benefits		2,116	2,044
Non-current provisions	10	880	874
Non-current financial liabilities	11	14,151	14,235
Deferred tax liabilities		226	238
Non-current liabilities		**17,372**	**17,390**
Current employee benefits		179	180
Current provisions	10	247	264
Operating payables		11,708	11,613
Operating liabilities		**12,134**	**12,057**
Current financial liabilities	11	4,145	3,603
Current liabilities		**16,278**	**15,660**
Liabilities associated with assets classified as held for sale	12	71	4
Total equity and liabilities		**40,441**	**39,823**

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € millions	Share capital	Non-recyclable reserves	Group translation reserves	Cash flow hedging	Available-for-sale assets	Reserves of discontinued operations	Retained and other earnings	Equity attributable to equity holders of the parent	Non-controlling interests (minority interests)	Total equity
Equity published as at 31/12/2012	**4,971**	**-**	**83**	**-143**	**4**	**-13**	**2,407**	**7,310**	**124**	**7,434**
Impact of changes in accounting method	-	-270	-74	38	0	-	12	-297	-19	-318
Equity restated as at 01/01/2013	**4,971**	**-270**	**8**	**-106**	**4**	**-13**	**2,418**	**7,012**	**104**	**7,116**
Net profit for the period	-	-	-	-	-	-	865	865	11	875
Other comprehensive income	-	11	-9	15	0	-	-23	-6	-1	-7
Total comprehensive income	**-**	**11**	**-9**	**15**	**0**	**-**	**842**	**859**	**10**	**868**
Dividends paid	-	-	-	-	-	-	-209	-209	-	-209
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-4	-4
Capital transactions	-	-	-	-	-	-	0	0	1	1
Changes of ownership in subsidiaries without loss of control	-	-	0	-	-	-	0	0	0	-1
Other changes	0	-	0	0	0	-	-1	-1	0	-1
Equity published as at 30/06/2013	**4,971**	**-259**	**74**	**-128**	**4**	**-13**	**3,015**	**7,661**	**111**	**7,772**
Equity published as at 31/12/2013	**4,971**	**-237**	**-20**	**-54**	**3**	**-13**	**2,022**	**6,670**	**99**	**6,769**
Opening adjustment	-	-	-	-13	-	-	13	-	-	-
Impact of changes in accounting method	-	-	-	-	0	-	-	-	-	-
Equity restated as at 01/01/2014	**4,971**	**-237**	**-20**	**-68**	**3**	**-13**	**2,036**	**6,670**	**99**	**6,769**
Net profit for the period	-	-	-	-	-	-	224	224	9	234
Other comprehensive income	0	-35	7	-95	3	-	18	-105	2	-103
Total comprehensive income	**0**	**-35**	**7**	**-95**	**3**	**-**	**243**	**120**	**11**	**131**
Dividends paid	-	-	-	-	-	-	-175	-175	-	-175
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-7	-7
Capital transactions	-	-	-	-	-	-	0	0	1	1
Changes of ownership in subsidiaries without loss of control	-	-1	-	-	-	-	2	3	-4	-1
Other changes	0	-1	1	0	0	-	1	0	0	0
Equity published as at 30/06/2014	**4,971**	**-274**	**-12**	**-163**	**6**	**-13**	**2,105**	**6,619**	**100**	**6,719**

A dividend for 2012 was approved and paid to the State in May 2013 for €209 million. A dividend for 2013 was approved and paid to the State in April 2014 for €175 million.

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in € millions	Notes	30/06/2014	30/06/2013
Net profit for the period		**234**	**876**
Eliminations:			
share of profit of associates	IS	-17	-22
deferred tax expense (income)		-14	0
depreciation, amortisation and provisions		668	201
revaluation gains/losses (fair value)		11	-32
net proceeds from disposals and gains and losses on dilution		-118	-83
Other non-cash income and expenses		0	0
Cash from operations after net borrowing costs and taxes		**764**	**941**
Eliminations:			
current income tax expense (income)		97	123
net borrowing costs		145	158
dividend income		-5	-6
Cash from operations before net borrowing costs and taxes		**1,001**	**1,216**
Impact of change in working capital requirement		-265	-481
Taxes paid (collected)		86	-62
Dividends received		23	32
Net cash from operating activities		**845**	**705**
Acquisitions of subsidiaries net of cash acquired		-14	-16
Disposals of subsidiaries net of cash transferred		0	0
Purchases of intangible assets and property, plant and equipment	8	-1,084	-960
Disposals of intangible assets and property, plant and equipment		239	154
New concession financial assets		-410	-381
Proceeds on concession financial assets		349	248
Purchases of financial assets		-8	-6
Disposals of financial assets		0	2
Changes in loans and receivables		36	126
Change in cash assets		-306	-264
Investment grants received		50	92
Net cash used in investing activities		**-1,147**	**-1,005**
Cash from equity transactions		2	3
Issue of debt instruments		404	76
Repayments of borrowings and the RFF and Public Debt Fund receivable (1)		-744	-170
Net borrowing costs paid		-241	-270
Dividends paid to Group shareholders	Chges in eq.	-175	-209
Dividends paid to minority interests	Chges in eq.	-7	-4
Increase/(decrease) in cash borrowings		616	-327
Change in derivative instruments		0	0
Net cash from/used in financing activities		**-145**	**-901**
Effects of exchange rate changes		5	-5
Impact of changes in accounting policies		0	2
Impact of changes in fair value		0	0
Increase (decrease) in cash and cash equivalents		**-442**	**-1,204**
Opening cash and cash equivalents		4,744	5,131
Closing cash and cash equivalents		4,302	3,927

(1) Of which cash inflows of €0 million for the RFF receivable (€0 million for the half-year ended 30 June 2013) and €0 million for the Public Debt Fund receivable (€22 million for the half-year ended 30 June 2013).

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

The notes presented on pages 39 to 54 are an integral part of these condensed consolidated half-year financial statements.

All amounts are in millions of euros (€ millions), unless stated otherwise.

1. ACCOUNTING STANDARDS BASE

Pursuant to Article L2141-10 of the French Transport Code of 28 October 2010 (which supersedes Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982), Société Nationale des Chemins de fer Français (SNCF), a state-owned industrial and commercial institution, "is subject to the financial management and accounting rules applicable to industrial and commercial companies". SNCF keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The condensed consolidated financial statements for the half-year ended 30 June 2014 were approved by the Board of Directors on 31 July 2014.

The terms "SNCF Group," the "Group" and "SNCF" designate the SNCF parent company EPIC and its consolidated subsidiaries. The state-owned institution (EPIC) SNCF, "SNCF EPIC" and "the SNCF" refer solely to the parent company.

1.1. ACCOUNTING RULES AND METHODS

The accounting policies used for the preparation of the SNCF Group condensed consolidated financial statements for the half-year ended 30 June 2014 are those adopted for the year ended 31 December 2013 and adapted to new standards and interpretations approved by the European Commission and applicable to financial periods beginning on or after 1 January 2014.

The consolidated financial statements for the year ended 31 December 2013 were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted in the European Union.

The condensed consolidated financial statements for the half-year ended 30 June 2014 were prepared in accordance with IAS 34, "Interim Financial Reporting". Therefore, they do not include all the information and notes required by IFRS for the preparation of the annual consolidated financial statements but only the material events for the period and should be read in conjunction with the 2013 consolidated financial statements.

1.1.1. Presentation of standards and interpretations applied in the preparation of the condensed consolidated financial statements for the half-year ended 30 June 2014

The basis of preparation for the condensed consolidated financial statements for the half-year ended 30 June 2014 detailed in the following notes is the result of:

- standards and interpretations of mandatory application for financial periods commencing on or before 1 January 2014;
- elected accounting options and positions and exemptions applied in the preparation of the 2014 consolidated financial statements in addition to those already detailed in the 2013 consolidated financial statements. The options and exemptions are described in Note 1.1.2 and the valuation methods specific to interim reporting periods in Note 1.2.

1.1.1.1. Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2014

The amendments to standards and interpretations and new published standards applicable as of 1 January 2014 which, in particular, have an impact on the Group condensed consolidated half-year financial statements are as follows:

- IAS 32 "Financial instruments: Presentation" amended for the section relating to the offsetting of financial assets and financial liabilities. The implementation guidance for this standard was updated with two cumulative criteria for the offsetting of a financial asset and a financial liability: the legal right to offset and the intention for an entity to settle an asset and liability by offsetting. The amendments published in December 2011 by the IASB were adopted by the European Commission on 29 December 2012 and are applicable to financial periods beginning on or after 1 January 2014, i.e. financial year 2014 for the Group. It had no material impact on the condensed consolidated financial statements for the half-year ended 30 June 2014.

- The “consolidation package” comprising IFRS 10, 11, 12 and IAS 27 and 28 revised. It was published on 12 May 2011 by the IASB and adopted by the European Commission on 29 December 2012. The standard was set to be effective for financial periods beginning on or after 1 January 2013 as determined by the IASB. This date was deferred to 1 January 2014 by the European Commission with the possibility of early adoption. In June 2012, the IASB published the transitional methods for the implementation of these standards which were approved by the European Union on 5 April 2013. As the Group adopted this “consolidation package” in advance during the year beginning on 1 January 2013, its implementation had no impact on the condensed consolidated financial statements for the half-year ended 30 June 2014. The detailed impacts are explained in the 2013 consolidated financial statements.

1.1.1.2. Standards and interpretations not adopted in advance for the preparation of the condensed consolidated financial statements for the half-year ended 30 June 2014

The Group has generally not opted for the early application of the standards and interpretations applicable to financial periods subsequent to 31 December 2014, regardless of whether they were adopted by the European Commission. In particular, the Group did not adopt the following standards and interpretations for its condensed consolidated financial statements for the half-year ended 30 June 2014:

- IFRS 9 “Financial instruments” revised in November 2009 by the IASB, the adoption of which is currently postponed by the European Commission. The final purpose of the revised standard is to replace the current IAS 39 on financial instruments. The three topics covered are the classification and measurement of financial instruments, a methodology for the impairment of financial assets and hedge accounting. The mandatory effective date initially set by the IASB for financial periods beginning on or after 1 January 2015 was removed without any indication of a new date. The impacts are currently being analysed.
- IFRIC 21 “Levies” published by the IASB on 20 May 2013 and adopted by the European Commission on 14 June 2014. This interpretation covers the recognition of levies not falling under IAS 12 “Income taxes.” Its purpose is to clarify the obligating event that gives rise to the recognition of a liability to pay a levy. It does not cover the question of the liability offset. The effective date set by the IASB for financial periods beginning on or after 1 January 2014 was put back to financial periods beginning on or after 17 June 2014 by the European Commission which approved the interpretation on 14 June 2014. This makes it applicable as of 1 January 2015 for the SNCF Group. The impacts are currently being analysed.
- IFRS 15 “Revenue from Contracts with Customers” published by the IASB on 28 May 2014 but not yet adopted by the European Commission. This new standard proposes a single revenue recognition model applicable to all types of customer contracts, regardless of the entity’s business segment. This single model, which follows five key steps, is based on the transfer of control which may be continuous or at a given time. The notion of the transfer of risks and rewards is no longer predominant. The entity shall recognise revenue under a performance obligation when the goods or services promised to the customer are transferred to it for the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 is applicable to financial periods beginning on or after 1 January 2017, subject to its adoption by the European Commission (early adoption is possible). The impacts are currently being analysed.

1.1.2. Description of the accounting options adopted

The accounting options adopted are described in Note 1.1.2 to the 2013 consolidated financial statements. They apply in exactly the same manner to the condensed consolidated financial statements for the half-year ended 30 June 2014, with the exception of the tax on rail company profits (TREF) which is subject to valuation methods specific to interim reporting periods for income taxes as described in Note 1.2.

1.2. VALUATION METHODS SPECIFIC TO INTERIM REPORTING PERIODS

1.2.1. Employee benefits

The net provision relating to employee benefits is calculated on the closing date based on the most recent valuations available on the closing date of the previous period. Actuarial assumptions were reviewed for the SNCF parent company, the main contributor, to take into account any major changes during the half-year or one-off impacts. Following this review and the market rate fluctuations observed over the period, the discount rate was reduced from 2.55% as at 31 December 2013 to 2.30% as at 30 June 2014, resulting in a €15 million expense in “Finance costs of employee benefits” under finance costs and a negative impact of €47 million in non-recyclable reserves under equity. Furthermore, employee benefits increased by €62 million.

1.2.2. Income tax

Income tax expense for the half-year is calculated by applying to the pre-tax profit or loss of consolidated companies the best known estimate for the effective tax rate of the period for each entity of the tax group.

1.2.3. Impairment losses

1.2.3.1. General principles

The Group performs impairment tests in interim reporting periods only if indications of loss or reversal are identified during the period.

1.2.3.2. Contextual factors

Considering the ongoing strategic discussions as at the half-year interim closing date, the assumptions used, which are key when calculating the recoverable amount of certain assets, might change noticeably between now and the annual closing, particularly in connection with the rail reform.

1.2.3.3. Indications identified during the period

As at 30 June 2014, excluding the production resources of the Fret SNCF activity (all intangible assets and property, plant and equipment excluding land and buildings), as described below, no impairment losses or reversals indications were identified for the Group’s other CGUs or assets.

Until 31 December 2013, the Fret SNCF activity was broken down into four CGUs to reflect the organisation set up as part of the master development plan released to the public in September 2009 and rolled out in the first half of 2010. Production resources, whether owned by Fret SNCF or the rail freight fleet management company Akiem and regardless of the final user (Fret SNCF, or another rail entity within or outside the Group), were overall tested within the Rail Freight CGU. The group’s rolling stock (engines) was impaired based on usage:

- if the equipment was not allocated or if the equipment’s allocated CGU generated negative cash flows:
  - 100% impairment of rolling stock that has no market value;
  - net carrying amount written down to the market value if the latter is lower.
- if the equipment’s allocated CGU generated positive cash flows, the rolling stock was not impaired.

Due to an increasingly accessible engine leasing market for freight transport, most engines leased by the Group are being used more and more outside the Rail Freight CGU. The operational and managerial scope of the engine management activity also changed in early 2014 to be included within the same scope as the Asset Management CGU. Finally, the Fret SNCF activity is no longer broken down, but overall monitored within the Rail Freight CGU. The Group therefore stopped testing the relevant assets within the Rail Freight CGU in order to include them in the Asset Management CGU, which now encompasses all the activities included in the leasing of freight transport equipment and engines (locomotives, wagons, containers, etc.). Following these business model changes, the Group was able to carry out two impairment tests as at 30 June 2014: one for the Asset Management CGU and the other for the Rail Freight CGU. The impacts were treated as a change in accounting estimates over the period in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors.”

The test performed for the Asset Management CGU, based on a value in use, gave rise to a recoverable amount that was significantly higher than the net carrying amount. For the SNCF Geodis division, this gave rise to an impairment reversal for production resources of €163 million recorded under “Impairment losses” in the income statement for the period. Pursuant to IAS 36, the reversal was limited to the net carrying amount that would have been obtained as at 30 June 2014 for the relevant assets had they not been impaired.

For the production resources remaining within the Rail Freight CGU with a net carrying amount of €132 million as at 30 June 2014 (€460 million as at 31 December 2013 prior to the inclusion of certain resources in the Asset Management CGU), the Group performed an impairment test on rail rolling stock, the net carrying amount of which totalled €78 million, based on the fair value less costs to sell in accordance with IAS 36:

- An analysis was carried out by an independent expert specialising in the valuation of rail equipment. The level 3 market values documented in this analysis exceeding the net carrying amounts could not be used in the absence of an active market. Nevertheless, they still indicated a market value above zero for this fleet.
- In this context, the test consisted in determining the recoverable amount by discounting cash flows using the observable data i.e. the leasing values for SNCF Group external transactions involving high potential equipment. Among the assumptions used were a discount rate of between 6.0% and 6.6% and a zero growth rate. The collected data enable to support the net carrying amount presented for the rolling stock as at 30 June 2014 and therefore did not give rise to any impairment loss or reversal during the period.

The following assumptions were used to determine the recoverable amount for the two CGUs:

	30 June 2014	2013	30 June 2014
Division	SNCF Geodis	SNCF Geodis	SNCF Geodis
CGU	Asset Management	Asset Management	Rail Freight
Asset tested	€1,739 million	€1,366 million	€78 million
Base used for the recoverable amount	Value in use	Value in use	Fair value less costs to sell
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year	Engine lease payments observable in the market over their remaining useful lives
Discount rate (minimum – maximum)	6.0% - 6.6%	6.0% - 6.6%	6.0% - 6.6%
Long-term growth rate	2.00%	2.00%	0.00%

2. MAJOR EVENTS IN THE FIRST HALF OF 2014

2.1. IMPAIRMENT LOSS REVERSALS

Impairment loss reversals were recognised for €163 million with respect to rail freight production resources within the SNCF Geodis division (all property plant and equipment and intangible assets excluding land and buildings). These reversals follow the change in economic models that resulted in the reallocation of production resources between the cash generating units of Rail freight and Rail freight fleet management and the adoption of impairment testing methods in accordance with IAS 36. They were recognised under “Impairment losses” in the income statement.

Detailed information is presented in Note 1.2.3 of the condensed half-year consolidated financial statements.

2.2. RAIL SYSTEM REFORM

The rail system reform bill was adopted by the National Assembly on 24 June 2014. The legislative process was followed by a public sitting of the Senate, which approved the bill on 10 July 2014. The law was ultimately adopted on 22 July 2014 and should be enacted by the President of the French Republic in August 2014 following the decision of the French Constitutional Council, should it be consulted. The reform is based on five objectives:

- The confirmation of a public service that is strengthened and better managed;
- The creation of an integrated public industrial group;
- The introduction of a national agreement to ensure the financial future of the public service;
- The creation of a labour framework for all rail sector players by maintaining the status of railway employees and unifying their group;
- Greater powers to the regulator, so as to guarantee impartiality in terms of network access.

The bill called for the set-up of a group organised according to three economically integrated EPICs (industrial and commercial public institution):

- The current EPIC Société Nationale des Chemins de fer Français (SNCF), the future SNCF Mobilités, will continue to carry out all the transport activities of the SNCF Proximités, SNCF Voyages and SNCF Geodis divisions, and manage stations of the Gares & Connexions division.
- The current Réseau Ferré de France (RFF), the future SNCF Réseau, will unify all the infrastructure management functions by combining SNCF Infra and Rail network operation and management currently part of the SNCF Infra division. It will guarantee fair access to the network for all rail companies.
- A “parent” EPIC, created under the reform and called SNCF, which will be responsible for strategic control and steering, economic coherence, and the public rail group's industrial integration and social unity.

The structural transfers from the current Société Nationale des Chemins de fer Français and Réseau Ferré de France to the future SNCF Réseau and the parent EPIC will be defined and finalised in application decrees over the second half.

Given the above, and since the IFRS 5 application criteria were not satisfied as at 30 June 2014, no item was reclassified in assets held for sale in the statement of financial position or in net profit from discontinued operations in the income statement.

2.3. LABOUR MOVEMENT

A strike involving a portion of SNCF employees took place between 11 and 23 June 2014 in opposition to the rail system reform bill and to debate the future of the rail sector. Despite a significant mobilisation of SNCF resources to limit customer impacts, the strike had repercussions in almost all Group divisions, particularly in terms of revenue losses and additional costs for customer compensation.

3. SEGMENT REPORTING

Operating income segment reporting is as follows:

30/06/2014								
in € millions	**SNCF Infra**	**SNCF Proximités**	**SNCF Voyages**	**SNCF Geodis**	**Gares & Connexions**	**Common Operations and Investments**	**Inter-division**	**Total**
External revenue	2,593	5,879	2,849	4,385	137	171		16,014
Internal revenue	141	180	332	115	430	2,023	-3,220	
Revenue	**2,734**	**6,059**	**3,181**	**4,501**	**567**	**2,193**	**-3,220**	**16,014**
Gross profit	**60**	**292**	**259**	**190**	**121**	**148**		**1,069**
Current operating profit	**5**	**81**	**96**	**11**	**49**	**11**		**252**
Current operating profit after share of net profit of companies consolidated under the equity method	**5**	**89**	**101**	**12**	**49**	**14**		**269**
Operating profit after share of net profit of companies consolidated under the equity method	**6**	**90**	**103**	**155**	**50**	**113**		**517**
Share of net profit of companies consolidated under the equity method	0	9	5	1	0	3		17
Depreciation and amortisation	-52	-188	-163	-159	-67	-135		-764
Net movement in provisions	-3	-23	0	-20	-6	-2		-54
Impairment losses	0	0	-1	137	0	2		138

30/06/2013

in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common Operations and Investments	Inter-division	Total
External revenue	2,509	5,799	2,946	4,440	126	189		16,010
Internal revenue	149	182	453	126	440	2,570	-3,919	
Revenue	**2,657**	**5,981**	**3,399**	**4,566**	**566**	**2,759**	**-3,919**	**16,010**
Gross profit	**68**	**313**	**389**	**147**	**107**	**272**		**1,296**
Current operating profit	**48**	**130**	**205**	**-38**	**45**	**112**		**501**
Current operating profit after share of net profit of companies consolidated under the equity method	**47**	**135**	**216**	**-36**	**45**	**117**		**523**
Operating profit after share of net profit of companies consolidated under the equity method	**594**	**134**	**214**	**-28**	**44**	**186**		**1,143**
Share of net profit of companies consolidated under the equity method	-1	5	11	2	0	5		22
Depreciation and amortisation	-15	-168	-174	-169	-61	-144		-731
Net movement in provisions	-4	-15	-10	-17	-1	-16		-63
Impairment losses	546	0	0	2	-1	-1		546

Total segment assets break down as follows by division:

30/06/2014

in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common Operations and Investments	Inter-division	Total
Total segment assets	**3,076**	**9,816**	**5,636**	**6,032**	**2,985**	**5,273**	**-613**	**32,206**
Investment grants	-10	-3,051	-184	-40	-1,095	-228		-4,608
Total segment assets net of grants	**3,066**	**6,765**	**5,452**	**5,992**	**1,890**	**5,046**	**-613**	**27,597**
of which: Goodwill, intangible assets, PP&E and concession financial assets net of grants	729	4,446	4,516	3,703	1,717	3,736		18,846

31/12/2013

in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common Operations and Investments	Inter-division	Total
Total segment assets	**3,215**	**9,063**	**5,251**	**5,941**	**2,998**	**5,599**	**-336**	**31,731**
Investment grants	-11	-3,126	-91	-42	-1,068	-331		-4,670
Total segment assets net of grants	**3,204**	**5,937**	**5,160**	**5,899**	**1,930**	**5,268**	**-336**	**27,062**
of which: Goodwill, intangible assets, PP&E and concession financial assets net of grants	735	4,168	4,257	3,639	1,736	4,027		18,563

The SNCF Infra division was fully impacted by the rail system reform (see Note 2) and will no longer contribute to the earnings or the statement of financial position of the future SNCF Mobilités Group once the reform has been implemented in 2015.

Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary data is unavailable and the cost to develop it would be excessive.

Liabilities, income tax expense, and interest income and expense are not monitored for each division by the main operational decision-maker.

4. PURCHASES AND EXTERNAL CHARGES

Purchases, sub-contracting and other external charges break down as follows:

in € millions	**30/06/2014**	**30/06/2013**	**Change**
Sub-contracting	-2,661	-2,632	-29
Infrastructure fees (1)	-1,859	-1,792	-67
Other purchases and external charges	-3,335	-3,255	-80
Purchases and external charges	**-7,854**	**-7,679**	**-175**

(1) Infrastructure fees invoiced mainly by RFF and Eurotunnel

5. IMPAIRMENT LOSSES

The impacts on the income statement are as follows. They mainly arise from the reversal of impairment losses recorded for rail freight production resources (see Notes 1.2.3 and 2). As at 30 June 2013, they mainly concerned the SNCF Infra division.

in € millions	**30/06/2014**	**30/06/2013**	**Change**
Intangible assets and property, plant and equipment	142	545	-402
Goodwill	-3	0	-3
Provision for liabilities and charges	-1	2	-3
Impairment losses	**138**	**546**	**-409**

6. NET PROCEEDS FROM ASSET DISPOSALS

Asset disposals had the following impacts on profit or loss:

in € millions	**30/06/2014**	**30/06/2013**	**Change**
Disposal of intangible assets	0	-4	4
Disposal of property, plant and equipment	107	77	30
Disposal of financial assets	3	0	3
Total net proceeds from asset disposals	**110**	**74**	**36**

As at 30 June 2014, net proceeds from the disposal of property, plant and equipment essentially concerned the sales of various complexes and properties by the parent company for €69 million, and by ICF-Novedis for €31 million.

As at 30 June 2013, net proceeds from the disposal of property, plant and equipment essentially concerned sales of land and property by the parent company and its real estate subsidiaries in the amount of €69 million.

7. NET BORROWING COSTS

Net borrowing costs break down as follows:

in € millions	**30/06/2014**	**30/06/2013**	**Change**
Net changes in fair value and hedges	-11	19	-30
Net interest expense	-145	-140	-5
Other interest expense and income	3	-1	4
Net borrowing and other costs	**-153**	**-122**	**-31**

in € millions	**30/06/2014**	**30/06/2013**	**Change**
Interest expense	-262	-365	103
Interest income	109	243	-135
Net borrowing and other costs	**-153**	**-122**	**-31**

Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

8. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the first half of 2014 break down as follows:

in € millions	01/01/2014	Acquisitions / Charges	Disposals / Reversals	Changes in Group structure	Other changes	30/06/2014
Gross carrying amount						
Land	2,188	0	-12	0	94	2,272
Buildings	9,176	7	-134	0	168	9,217
Industrial and technical plant	3,097	7	-79	0	91	3,116
Transportation equipment	31,479	568	-206	7	4	31,852
Rail equipment	*30,190*	*525*	*-158*	*0*	*1*	*30,558*
Road equipment	*1,286*	*43*	*-47*	*7*	*3*	*1,292*
Maritime equipment	*2*	*0*	*0*	*0*	*0*	*2*
Other property, plant and equipment	1,521	17	-35	1	18	1,522
Property, plant and equipment in progress	1,062	339	0	0	-427	973
Total gross carrying amount	**48,523**	**939**	**-465**	**8**	**-53**	**48,952**
Depreciation/impairment						
Land	-279	-20	4	0	0	-295
Buildings	-5,013	-193	83	0	36	-5,088
Industrial and technical plant	-1,789	-102	80	0	7	-1,805
Transportation equipment	-20,721	-524	361	-6	2	-20,887
Rail equipment	*-19,893*	*-470*	*324*	*0*	*0*	*-20,039*
Road equipment	*-828*	*-54*	*37*	*-6*	*2*	*-848*
Maritime equipment	*0*	*0*	*0*	*0*	*0*	*0*
Other property, plant and equipment	-1,037	-62	32	0	16	-1,051
Property, plant and equipment in progress	-7	-1	1	0	0	-7
Total depreciation/impairment	**-28,846**	**-901**	**560**	**-6**	**60**	**-29,133**
Total net carrying amount	**19,677**	**38**	**95**	**2**	**8**	**19,819**
Investment grants	4,670	109	-171	0	0	4,608
Total net carrying amount of grants	**15,007**	**-71**	**265**	**2**	**8**	**15,211**

Capital expenditure flows for the first half of 2014 break down as follows:

in € millions	30/06/2014	30/06/2013
Intangible assets	-65	-72
Property, plant and equipment	-939	-919
Total acquisitions	**-1,004**	**-991**
incl. finance-leased assets	*-3*	*-3*
Acquisitions excluding finance leasing	**-1,001**	**-988**
Capital expenditure flows	-83	28
Intangible assets and PP&E capital expenditure flows	**-1,084**	**-960**

Capital expenditure for the first half of 2014 primarily comprised:

- acquisition and upgrades to stations and buildings totalling €275 million (including track renewals, upgrades to the multimodal exchange hubs of Montpellier Saint-Roch and Besançon Viotte, implementation of the TGV master development plan (development of garage and maintenance capacities), creation or adaptation of maintenance workshops for Régiolis trains, replacement of track-to-train radio communication systems with GSMR technology),
- acquisition and renovation of rail equipment totalling €568 million (of which acquisition of TGV Duplex, Régiolis and Régio2N trains, wagons, transcontainers, rail freight locomotives and containers, renovation of TGV, electrical railcars, passenger trains and locotractors).

Asset-financing grants received totalled €109 million, including €94 million for rolling stock and €15 million for fixed installations.

The impact on the “Disposals / reversals” column was attributable for €163 million to the impairment reversal recorded for rail freight production resources (see Notes 1.2.3 and 2), offset by sales of land and buildings.

9. FINANCIAL ASSETS

Financial assets maturing in less than 12 months at the balance sheet date are recorded in current financial assets.

The fair value of asset derivative instruments is classified in current and non-current assets based on the final maturity of the derivative.

The fair value amounts of the derivative instruments include accrued interests.

Current and non-current financial assets break down as follows:

	30/06/2014			**31/12/2013**		
in € millions	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Loans and receivables	4,191	959	**5,149**	4,192	754	**4,947**
RFF receivable	*1,198*	*59*	***1,257***	*1,190*	*30*	***1,221***
Public Debt Fund receivable	*1,530*	*178*	***1,708***	*1,637*	*46*	***1,684***
Other loans and receivables	*520*	*592*	***1,112***	*529*	*571*	***1,100***
Concession financial assets	943	130	***1,073***	835	107	***942***
Available-for-sale assets	253	0	**253**	241	0	**241**
Assets at fair value through profit or loss	0	516	**516**	0	256	**256**
Positive fair value of hedging derivatives	405	20	**425**	564	19	**583**
Positive fair value of trading derivatives	799	51	**850**	463	88	**551**
Total	**5,648**	**1,545**	**7,193**	**5,461**	**1,118**	**6,578**

10. PROVISIONS

Movements in provisions for contingencies and losses during the half-year break down as follows:

in € millions	01/01/2014	Charges	Reversals (used)	Reversals (not used)	Other changes	30/06/2014	of which current	of which non-current
Tax, employee and customs risks	112	7	0	-7	0	112	13	99
Environmental risks	425	16	-8	-2	1	431	36	395
Litigation and contractual disputes	344	40	-24	-28	-1	332	67	265
Restructuring costs	55	2	-11	-2	-1	44	42	2
Other	203	27	-12	-8	-2	208	89	119
Total provisions	**1,139**	**93**	**-54**	**-49**	**-2**	**1,127**	**247**	**880**

10.1. PROVISIONS FOR ENVIRONMENTAL RISKS

As at 30 June 2014, the environmental risks covered by provisions mainly involved:

- site decontamination : €76 million (€77 million in 2013),
- asbestos-related costs : €343 million (€336 million in 2013).

10.2. PROVISIONS FOR LITIGATION AND CONTRACTUAL DISPUTES

Unused reversals were mainly due to the elimination of risks relating to current disputes or their adjusted valuation.

10.3. RESTRUCTURING COSTS

Reversals relating to restructuring costs were due to the implementation over the period of plans announced and provided for in previous periods.

11. FINANCIAL LIABILITIES

11.1. CURRENT/NON-CURRENT BREAKDOWN OF FINANCIAL LIABILITIES

Liabilities maturing in less than 12 months at the balance sheet date are recorded in current liabilities.

The fair value of liability derivative instruments is classified in current or non-current liabilities based on the final maturity of the derivative.

Borrowings and the fair value of derivative instruments include accrued interests.

Financial liabilities break down as follows:

in € millions	Note	30/06/2014			31/12/2013		
		Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bonds		10,301	1,148	11,449	10,137	1,006	11,143
Bank borrowings		1,782	101	1,883	2,058	126	2,184
Finance lease obligations		1,025	300	1,324	1,178	428	1,606
Sub-total borrowings		**13,108**	**1,549**	**14,656**	**13,373**	**1,560**	**14,933**
of which:							
- measured at amortised cost		*11,413*	*1,382*	*12,795*	*11,141*	*1,433*	*12,573*
- recognised using fair value hedge accounting		*1,283*	*158*	*1,442*	*1,837*	*124*	*1,961*
- designated at fair value		*411*	*8*	*419*	*396*	*3*	*398*
Amounts payable on non-controlling interest purchase commitments		10	0	10	7	0	7
Negative fair value of hedging derivatives		391	8	399	400	-9	391
Negative fair value of trading derivatives		639	51	690	451	86	538
Loans and borrowings		**14,148**	**1,608**	**15,755**	**14,232**	**1,637**	**15,869**
Cash borrowings and overdrafts		3	2,537	2,540	3	1,966	1,968
FINANCIAL LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION		**14,150**	**4,145**	**18,295**	**14,235**	**3,603**	**17,837**
Réseau Ferré de France receivable	9	1,198	59	1,257	1,190	30	1,221
Public Debt Fund receivable	9	1,530	178	1,708	1,637	46	1,684
Available-for-sale assets (1)		0	0	0	0	0	0
Assets at fair value through profit or loss		0	516	516	0	256	256
Positive fair value of hedging derivatives		405	20	425	564	19	583
Positive fair value of trading derivatives		799	51	850	463	88	551
Other loans, receivables and investments (2)	9	511	592	1,103	521	571	1,092
Cash and cash equivalents			4,553	4,553		5,060	5,060
GROUP NET INDEBTEDNESS (3)		**9,708**	**-1,824**	**7,884**	**9,859**	**-2,469**	**7,391**

(1) Available-for-sale assets do not include investments for €253 million (€241 million in 2013).

(2) Other loans, receivables and investments do not include pension assets of €9 million (€9 million in 2013).

(3) Of which €280 million for the SNCF Infra division currently affected by the rail system reform (see Note 2).

The Group reviewed certain fair value hedging strategies. As at 31 December 2013, interest-rate swaps were documented as fair value hedges in connection with bond issues initially swapped at floating rates. On 4 June 2014, fixed-rate payer swaps (arising from swaptions) were set up with respect to interest rate risk management. The Group therefore decided to:

- derecognise the fair value hedging relationships relating to the issues;
- recognise fixed-rate payer swaps as trading derivatives, symmetrically to the derecognised swaps.

Compared to 31 December 2013, this change had the following impacts:

- decrease in the portion of the bonds subject to fair value hedge accounting by around €500 million;
- reduction in the interest-rate swaps documented as fair value hedges by €145 million (position as at 31 December 2013);

- increase in the trading asset swaps by €164 million (position of the derecognised swaps as at 30 June 2014);
- increase in the trading liability swaps by €17 million (position of the fixed-rate payer swaps as at 30 June 2014).

The other changes in derivative assets and liabilities mainly involved market rate fluctuations.

The rise in assets at fair value through profit or loss primarily stemmed from the subscription to new investments during the period.

12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

in € millions	**30/06/2014**	**31/12/2013**
Assets classified as held for sale	92	1
Liabilities associated with assets classified as held for sale	71	4
Net impact on the statement of financial position	21	-3

As at 30 June 2014, two parcel delivery entities in France and Italy within the SNCF Geodis division were treated as assets classified as held for sale in accordance with IFRS 5. The corresponding assets and liabilities were reclassified to the bottom of the statement of financial position and mainly comprised operating receivables and liabilities.

13. OFF-BALANCE SHEET COMMITMENTS

The main changes in commitments given were as follows:

- Purchase commitments with rail equipment suppliers decreased by €732 million, mainly due to the investments made during the period.
- Commitments relating to property operating leases rose by €108 million mainly due to the signing of new business leases.
- Firm commodity purchase commitments increased by €95 million. The subscription to a new agreement during the period increased the commitment beyond the periodic decrease by almost half of the annual commitments undertaken for electricity and diesel expiring at the end of 2014.

The main changes in commitments received were as follows:

- Investment financing commitments receivable for Regions regarding the use of rail equipment decreased by €658 million. The decrease was primarily due to the collection of funds by the Organising Authorities in line with the realisation of agreed-upon investments.
- Financial guarantees received from third parties rose by €203 million and comprised bank guarantees received from rail equipment suppliers.
- Property operating leases rose by €196 million with the sale of new leasing offers in stations.
- Purchase financing commitments other than for rail equipment rose by €89 million in line with new confirmed investment projects in stations.

14. LITIGATION AND DISPUTES

The Group is involved in a number of legal proceedings and disputes in the course of its operating activities, which are unresolved at the period-end. Provisions are recorded to cover the charges associated with these disputes when they are considered probable and can be quantified or estimated with reasonable accuracy.

14.1. RESOLVED LITIGATION

No major litigation was resolved during the period.

14.2. ONGOING LITIGATION

14.2.1. Investigation of the Competition Authority regarding Fret SNCF

An investigation was conducted by the Competition Authority regarding Fret SNCF. An initial notice was received on 28 July 2011 with a certain number of grievances that were all dismissed in Fret SNCF's response, mainly on the grounds that there was no breach of competition rules. In March 2012, the reporting judges transmitted a final report to the Competition Authority upholding the initial grievances. On 28 May 2012, SNCF legally challenged the unfounded nature of the grievances and the lack of breach of competition rules. The hearing before the Competition Authority took place on 7 September 2012 and the decision was rendered on 18 December 2012. Eight grievances out of the initial thirteen were dismissed, as the Authority considered that the stipulated practices were not substantiated. For four of the five grievances upheld, the SNCF was ordered to pay a fine of €61 million for having conducted several practices that hindered or delayed the entry of new operators into the rail freight transport market. This fine was expensed in 2012 under "Purchases and external charges" within gross profit. As for the last grievance, the Authority issued a judicial order regarding SNCF Fret's pricing policy and imposed that certain measures, particularly of an accounting and commercial nature, be implemented and in effect at the end of a three-year period in order to render such policy more objective. In January 2013, the Group filed an appeal with the Competition Authority regarding all the notified grievances. The fine was paid in May 2013. A hearing before the Paris Appeal Court took place on 22 May 2014, during which the President set 30 October 2014 as the date for deliberation of the judgement. This new development had no impact on the condensed consolidated financial statements for the half-year ended 30 June 2014.

14.2.2. Investigation of the Competition Authority regarding parcel delivery

The Competition Authority is currently investigating the various parcel delivery players. A notice of grievances was officially received in early July 2014. In theory, any objections can be submitted within a two-month period. Since the financial risk cannot be assessed, no provision was recognised as at 30 June 2014.

15. SUBSEQUENT EVENTS

Other than the final adoption of the rail system reform law of 22 July 2014 (see Note 2 of the condensed half-year consolidated financial statements), the main subsequent events are as follows:

15.1. AWARDING OF CONTRACT FOR "DOCKLANDS LIGHT RAIL" (DLR), THE AUTOMATED LONDON METRO SYSTEM

Transport for London (TfL) has chosen to partner with Keolis (70%) and Amey (30%) to operate its automated metro system, Docklands Light Rail (DLR). The initial 7-year contract will begin on 7 December 2014 and generate cumulative revenue of €883 million (£700 million).

15.2. EXPERT REPORTS ON THE BRÉTIGNY ACCIDENT SUBMITTED TO THE LEGAL AUTHORITIES

Nearly one year following the 12 July 2013 derailment of intercity train 3657 on the Paris-Limoges run in the Brétigny-sur-Orge (Essonne) station, two expert reports were submitted to the legal authorities on 6 July 2014. These reports, extracts of which were published in the press, are not in the hands of RFF or SNCF. Their interpretation must be approached with the greatest of caution. They are presented as an extension of the initial conclusions of the Bureau d'enquêtes sur les accidents de transport terrestre (BEA TT) (French accidents-enquiries office (ground transport)), issued on 10 January 2014. They also confirm the assumptions presented by RFF and SNCF following internal evaluations of the accident's immediate cause. Finally, they are accompanied by other current and coming observations. All the evaluations will be the subject of an open debate as part of the legal proceedings.

For the past year, the RFF and SNCF dedicated team has assisted victims and their families. Under the aegis of the coordination authority designated by the Ministry of Transport, SNCF immediately committed to a compensation programme for the accident's human and material consequences, with 124 proposals being presented to date.

As a precautionary measure, on 8 October 2013 SNCF and RFF launched the Vigirail programme, designed to improve switching safety and upgrade track maintenance. This programme includes actions that meet the recommendations issued by the BEA-TT in its progress report of 10 January 2014.

15.3. DENGUIN COLLISION

On Thursday 17 July 2014, TER 867285, travelling to Dax from Pau, collided with the rear section of TGV 8585 linking Tarbes to Paris-Montparnasse. The collision occurred beside the Lescar station, 14 km from Pau. The accident injured 40 people, 13 of which were hospitalised with 4 in serious condition, but no lives were endangered. The 175 passengers on board the TGV and the 80 passengers on the TER were all cared for. Travellers who so wished were able to continue to their destination by night train, bus and taxi.

Following the accident, three investigations were launched to determine the precise causes: that of the BEA-TT at the request of the Secretary of State for Transport, the legal inquiry initiated by the public prosecutor and the joint SNCF-RFF internal investigation.

Immediate local and national measures were decided, some of which have already been implemented, while others await the approval of the legal authorities.

This event, which occurred subsequent to the half-year closing, has no relation with the situations existing as at 30 June 2014. It has no impact on the Group's condensed half-year consolidated financial statements. The financial consequences for SNCF must still be assessed over the second half.

16. GROUP STRUCTURE

There were no major Group structure transactions during the period.