Consolidated financial statements

Year ended 31 March 2015

CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Year ended 31 March 2015	31 March 2014*
Sales	**(5)**	**6,163**	**5,726**
Cost of sales		(5,237)	(4,804)
Research and development expenses	(6)	(112)	(122)
Selling expenses		(199)	(204)
Administrative expenses		(297)	(328)
Income from operations	**(5)**	**318**	**268**
Other income	(7)	4	-
Other expense	(7)	(943)	(106)
Earnings before interest and taxes	**(5)**	**(621)**	**162**
Financial income	(8)	109	64
Financial expense	(8)	(246)	(223)
Pre-tax income		**(758)**	**3**
Income tax charge	(9)	8	94
Share of net income of equity-accounted investments	(13)	(64)	70
Net profit from continuing operations		**(814)**	**167**
Net profit from discontinued operations	(4)	113	399
NET PROFIT		**(701)**	**566**
Net profit from continuing operations attributable to:			
- Equity holders of the parent		(823)	160
- Non controlling interests		9	7
Net profit from discontinued operations attributable to:			
- Equity holders of the parent		104	396
- Non controlling interests		9	3
Earnings per share (in €)			
- Basic earnings per share	(10)	(2.32)	1.80
- Diluted earnings per share	(10)	(2.31)	1.78
Earnings per share (in €)			
- Basic earnings per share from continuing operations	(10)	(2.66)	0.52
- Diluted earnings per share from continuing operations	(10)	(2.65)	0.51
Earnings per share (in €)			
- Basic earnings per share from discontinued operations	(10)	0.34	1.28
- Diluted earnings per share from discontinued operations	(10)	0.33	1.27

* Figures have been restated and represented as mentioned in Note 3 “Comparability” following the first application of IFRS 11 and following the application of IFRS 5 “Non-current assets held for sale and discontinued operations” in the context of the Energy disposal.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
(in € million)	**Note**	**31 March 2015**	**31 March 2014***
Net profit recognised in income statement		**(701)**	**566**
Remeasurement of post-employment benefits obligations		(598)	107
Income tax relating to items that will not be reclassified to profit or loss	(9)	99	(54)
Items that will not be reclassified to profit or loss		**(499)**	**53**
of which from equity-accounted investments		-	-
Fair value adjustments on available-for-sale assets		(1)	(15)
Fair value adjustments on cash flow hedge derivatives		(34)	(1)
Currency translation adjustments		304	(326)
Income tax relating to items that may be reclassified to profit or loss	(9)	6	4
Items that may be reclassified to profit or loss		**275**	**(338)**
of which from equity-accounted investments		*(80)*	*(69)*
Other comprehensive income		**(224)**	**(285)**
of which attributable to discontinued operations	(4)	*(172)*	*(165)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(925)**	**281**
Attributable to:			
- Equity holders of the parent		(954)	285
- Non controlling interests		29	(4)
Total comprehensive income attributable to equity shareholders arises from:			
- Continuing operations		(881)	42
- Discontinued operations		(73)	243
Total comprehensive income attributable to minority equity arises from:			
- Continuing operations		15	5
- Discontinued operations		14	(9)

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

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

ALSTOM

CONSOLIDATED BALANCE SHEET

(in € million)	Note	At 31 March 2015	At 31 March 2014*
Goodwill	(11)	688	5,269
Intangible assets	(11)	444	2,053
Property, plant and equipment	(12)	656	2,968
Investments in joint-ventures and associates	(13)	327	545
Non consolidated investments	(14)	36	160
Other non-current assets	(15)	473	510
Deferred taxes	(9)	732	1,647
Total non-current assets		**3,356**	**13,152**
Inventories	(16)	821	2,972
Construction contracts in progress, assets	(17)	2,554	3,951
Trade receivables	(18)	1,470	4,450
Other current operating assets	(19)	1,957	3,133
Marketable securities and other current financial assets	(20)	61	26
Cash and cash equivalents		1,599	2,276
Total current assets		**8,462**	**16,808**
Assets held for sale	(4)	21,415	293
TOTAL ASSETS		**33,233**	**30,253**

EQUITY AND LIABILITIES

(in € million)	Note	At 31 March 2015	At 31 March 2014*
Equity attributable to the equity holders of the parent	(22)	4,134	5,044
Non controlling interests		90	65
Total equity		**4,224**	**5,109**
Non-current provisions	(24)	283	710
Accrued pension and other employee benefits	(25)	461	1,525
Non-current borrowings	(26)	2,847	4,009
Non-current obligations under finance leases	(26)	341	398
Deferred taxes	(9)	11	176
Total non-current liabilities		**3,943**	**6,818**
Current provisions	(24)	1,031	1,191
Current borrowings	(26)	1,947	1,250
Current obligations under finance leases	(26)	51	47
Construction contracts in progress, liabilities	(17)	3,455	8,426
Trade payables		917	3,819
Other current operating liabilities	(28)	2,492	3,593
Total current liabilities		**9,893**	**18,326**
Liabilities related to assets held for sale	(4)	15,173	-
TOTAL EQUITY AND LIABILITIES		**33,233**	**30,253**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended 31 March 2015	Year ended 31 March 2014*
Net profit		**(701)**	**566**
Depreciation, amortisation, expense arising from share-based payments and others		311	565
Post-employment and other long-term defined employee benefits		25	(17)
Net (gains)/losses on disposal of assets		(242)	(23)
Share of net income (loss) of equity-accounted investments (net of dividends received)		109	(6)
Deferred taxes charged to income statement	(9)	77	(162)
Net cash provided by operating activities - before changes in working capital		**(421)**	**923**
Changes in working capital resulting from operating activities (**)	**(21)**	**726**	**(302)**
Net cash provided by/(used in) operating activities		**305**	**621**
Of which operating flows provided / (used) by discontinued operations (**)	*(4)*	*163*	*415*
Proceeds from disposals of tangible and intangible assets		22	33
Capital expenditure (including capitalised R&D costs)		(756)	(811)
Increase/(decrease) in other non-current assets		(52)	(2)
Acquisitions of businesses, net of cash acquired		(50)	(116)
Disposals of businesses, net of cash sold		623	17
Net cash provided by/(used in) investing activities		**(213)**	**(879)**
Of which investing flows provided / (used) by discontinued operations	*(4)*	*593*	*(645)*
Capital increase/(decrease) including non controlling interests		15	35
Dividends paid including payments to non controlling interests		(10)	(267)
Issuances of bonds & notes		-	500
Repayments of bonds & notes issued		(780)	(26)
Changes in current and non-current borrowings		471	332
Changes in obligations under finance leases		(39)	(38)
Changes in marketable securities and other current financial assets and liabilities		7	15
Net cash provided by/(used in) financing activities		**(336)**	**551**
Of which financing flows provided / (used) by discontinued operations	*(4)*	*(193)*	*63*
Net increase/(decrease) in cash and cash equivalents		**(244)**	**293**
Cash and cash equivalents at the beginning of the period		2,276	2,147
Net effect of exchange rate variations		229	(142)
Other changes		8	(22)
Transfer to assets held for sale		(670)	-
Cash and cash equivalents at the end of the period		**1,599**	**2,276**
Income tax paid		*(249)*	*(262)*
Net of interests paid & received		*(238)*	*(202)*

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

** Includes the impact of the assigned receivables that were derecognized in the amount of €105 million, as described in Notes 2.3.14 and 4, as at 31 March 2015

(in € million)		Year ended 31 March 2015	Year ended 31 March 2014*
Net cash/(debt) variation analysis (1)			
Changes in cash and cash equivalents		(244)	293
Changes in marketable securities and other current financial assets and liabilities		(7)	(15)
Changes in bonds and notes		780	(474)
Changes in current and non-current borrowings		(471)	(332)
Changes in obligations under finance leases		39	38
Transfer to assets held for sale		(387)	-
Net debt of acquired entities at acquisition date and other variations		185	(172)
Decrease/(increase) in net debt		(105)	(662)
Net cash/(debt) at the beginning of the period		**(3,038)**	**(2,376)**
Net cash/(debt) at the end of the period	(27)	**(3,143)**	**(3,038)**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial assets and non-current financial assets directly associated to liabilities included in financial debt (see Note 15), less financial debt (see Note 26).

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2013	**308,158,126**	**2,157**	**875**	**3,648**	**(1,686)**	**4,994**	**93**	**5,087**
Movements in other comprehensive income	-	-	-	-	(271)	(271)	(14)	(285)
Net income for the period	-	-	-	556	-	556	10	566
Total comprehensive income	**-**	**-**	**-**	**556**	**(271)**	**285**	**(4)**	**281**
Change in controlling interests and others	101	-	-	11	-	11	(15)	(4)
Dividends paid	-	-	-	(259)	-	(259)	(9)	(268)
Issue of ordinary shares under long term incentive plans	543,919	4	1	(3)	-	2	-	2
Recognition of equity settled share-based payments	-	-	-	11	-	11	-	11
At 31 March 2014*	**308,702,146**	**2,161**	**876**	**3,964**	**(1,957)**	**5,044**	**65**	**5,109**
Movements in other comprehensive income	-	-	-	-	(235)	(235)	12	(223)
Net income for the period	-	-	-	(719)	-	(719)	18	(701)
Total comprehensive income	**-**	**-**	**-**	**(719)**	**(235)**	**(954)**	**29**	**(925)**
Change in controlling interests and others	89	-	-	(9)	21	12	4	16
Dividends paid	-	-	-	-	-	-	(9)	(9)
Issue of ordinary shares under long term incentive plans	1,090,262	8	3	(5)	-	6	-	6
Recognition of equity settled share-based payments	-	-	-	26	-	26	-	26
At 31 March 2015	**309,792,497**	**2,169**	**879**	**3,257**	**(2,171)**	**4,134**	**90**	**4,224**

* Figures have been restated and represented as mentioned in Note 3 “Comparability” following the first application of IFRS 11

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Alstom ("the Group") serves the rail transport market through its Transport Sector and the power generation and transmission markets through its Thermal Power, Renewable Power and Grid activities ("Energy activities"). The Group designs, supplies, and services a complete range of technologically-advanced products and systems for its customers, and possesses a unique expertise in systems integration and through life maintenance and services.

The operational activities of the Group are organised as follow:

- **Transport**

The Transport Sector serves the urban transit, regional/intercity passenger travel markets and freight markets all over the world with rail transport products, systems and services.

- **Thermal Power**

Thermal Power offers a comprehensive range of power generation solutions using gas or coal from integrated power plants and all types of turbines, generators, boilers, emission control systems to a full range of services including plant modernisation, maintenance and operational support. It also supplies conventional islands for nuclear power plants.

- **Renewable Power**

Renewable Power offers EPC solutions, turbines and generators, control equipment and maintenance for Hydro power and Wind power activities. It includes geothermal and solar thermal businesses.

- **Grid**

Grid designs and manufactures equipment and engineered turnkey solutions to manage power grids and transmit electricity from the power plant to the large end-user, be it a distribution utility or an industrial process or production facility.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 5 May 2015. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 30 June 2015.

Note 1. Major events

1.1. Alstom strategic move

1.1.1. Presentation of the General Electric offer

On 26 April 2014, the Board of Directors of Alstom received from General Electric (GE) an offer, countersigned by Alstom on 29 April 2014, and updated by GE on 20 June 2014, to acquire its Energy activities. On June 20, 2014, the Board of Directors of the Company unanimously decided to issue a positive recommendation on the GE's offer.

GE would acquire the Thermal Power, Renewable Power and Grid activities as well as central and shared services (legal entities Alstom and Alstom Holdings would not be disposed) (the "Energy Business") for a committed equity value of €12.35 billion, pursuant to a master agreement between GE and Alstom. By taking over Alstom's Energy activities, GE undertakes to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business (this will not apply to the agreement concluded with the US Department Of Justice detailed in Note 1.2). In the context of the transaction, Alstom would get indemnified by GE for any liability pertaining to the Energy Business which Alstom may incur after closing of the transaction.

The completion of the transaction is subject to a limited number of conditions precedent, which essentially cover works council consultation, receipt of authorizations required from a regulatory and merger control standpoint. However, once the authorizations relating to entities being sold, which account for at least 85% of the turnover of all the entities subject to the sale, including authorizations in certain key countries (such as authorisations of the European Commission and the U.S. authority), have been obtained, the parties may complete the transaction, with the remainder to be transferred in successive stages, provided there would be no violation of applicable law to do so.

In the framework of the acquisition of Energy activities by GE, three alliances would be created:

- the Grid alliance would consist of a combination of Alstom Grid and GE Digital Energy businesses to be held through two joint venture holding companies (Alstom would hold a 50%-1 stake in each Joint venture's share capital and voting rights);
- the Renewables alliance would consist of Alstom's hydro, offshore wind and tidal businesses; this alliance also would be held through two joint venture holding companies (Alstom would hold a 50%-1 stake in each Joint venture's share capital and voting rights);
- the scope of the Global Nuclear & French Steam alliance would include the production and servicing of the "Arabelle" steam turbine equipment for nuclear power plants

worldwide, as well as Alstom's steam turbine equipment and servicing for applications in France. Alstom would hold 20%-1 share of the share capital into the joint venture company and would have 50%-2 votes of voting rights. The French State would hold a preferred share giving it veto and other governance rights over issues relating, inter alia, to security and nuclear plant technology in France.

The investment by Alstom in these alliances would amount to circa € 2.5 billion. The future joint venture companies would be accounted for under equity method in Alstom's consolidated financial statements.

In December 2014, GE and Alstom entered into an amendment to the original agreement. Alstom has agreed to an extension of the trademark licensing of its name from 5 years to 25 years as well as other contractual amendments for an additional consideration of circa € 0.4bn to be paid by GE.

GE would sell Alstom 100% of its signalling business, with sales of circa $500 million in 2013 and 1,200 employees, and the companies would sign several collaboration agreements including a service agreement for GE locomotives outside of the United States of America, R&D, sourcing and manufacturing and commercial support in the United States of America.

1.1.2. Process

On 4 November 2014, on conclusion of the information-consultation procedure with personnel representative bodies, the Board of Directors of Alstom approved the signing of the master agreement which was signed on the same date, the 4 November 2014.

The application for the approval of the transaction under Article L. 151-3 of the Monetary and Financial Code relating to foreign investments in France has been filed by GE on 1 October 2014. Authorization was obtained on 4 November 2014.

In accordance with the AFEP-Medef code, the transaction was approved by the shareholders with a majority of 99.2% during an Extraordinary General Meeting submitted to and convened on 19 December 2014.

Following the information-consultation procedure with works councils and the authorisation relating to foreign investments in France, the support expressed by shareholders during the EGM is a key milestone since the signing of the agreements with GE.

The completion of the transaction is now subject to receipt of authorizations required from a regulatory and merger control standpoint in a certain number of jurisdictions. The master agreement specifies that if the conditions precedents have not been met by 30 November 2015, either party shall be allowed to terminate the master agreement in accordance with its terms.

The European Commission opened on 23 February 2015 an in-depth investigation in the transaction (known as Phase II) on the European Union competition implications of merging the GE & Alstom heavy-duty gas turbine (HDGT) businesses, and the U.S. Department of Justice, Antitrust Division, requested further documents. Several other jurisdictions are also continuing their analysis of the transaction. Such in-depth reviews by regulators are common in such transaction and Alstom remains confident on the positive final outcome.

Subject to obtaining the regulatory and merger control authorizations required, the closing of the transaction is expected to occur in the coming months.

The closing would be followed by a cash return to shareholders which could range between €3.5 billion and €4 billion and be implemented through a public share buy-back offer (*offre publique de rachat d'actions*). The precise amount to be distributed and method of distribution would be specified at a later date and would be submitted to a shareholders' decision after closing of the transaction.

Once this transaction is completed, Alstom would refocus on its fully owned Transport activities and on its Energy alliances with GE.

1.1.3. Accounting treatment

Since the Board's approval of the offer on 20 June 2014, following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the transaction, Alstom considers that the conditions are met for the application to the Energy activities of IFRS5 – Non-current assets held for sale and discontinued operations: the Group has made a decision to sell the assets concerned and considers the sale to be highly probable as of 31 March 2015.

In the consolidated financial statements, the activities being disposed are reported as follows:

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet as at 31 March 2015, with no reclassification of the comparative balance sheet as at 31 March 2014;
- the net profit of discontinued operations realized over the year is disclosed by a single amount on the face of the consolidated income statement into the line named "Net profit

from discontinued operations". The income statement of comparative periods is presented in accordance with IFRS 5 and as detailed in Note 3 "Comparability";

- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the year are disclosed in the consolidated statement of cash flows.

At the date of the disposal, the capital gain as well as the related tax impact will be recognised under the line "Net profit from discontinued operations". The disposal value will significantly exceed the carrying value of the net assets held for sale.

1.2. Agreement between Alstom and the US Department of Justice

Alstom has concluded on 22 December 2014 an agreement with the U.S. Department of Justice (DOJ) in order to put an end to the investigation conducted in the United States from 2010 on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act (FCPA).

Two US subsidiaries, Alstom Power Inc. and Alstom Grid Inc. (formerly known as Alstom T&D Inc.), have agreed to enter into deferred prosecution agreements with the DOJ relating to FCPA charges. If these two US subsidiaries fulfil the terms of their deferred prosecution agreements, all criminal charges will be dismissed against them at the end of three years. Another Alstom subsidiary, Alstom Network Schweiz AG (formerly known as Alstom Prom AG), has agreed to plead guilty to FCPA antibribery charges. In relation to these underlying charges, the ultimate parent company of the Group, Alstom S.A. has agreed to plead guilty to violating the books and records and internal controls provisions of the FCPA and to pay a fine of approximately USD 772 million.

The DOJ agreement has also stipulated that no part of the fine can be passed on to GE as part of the projected sale of Alstom's Energy businesses.

The Plea agreements concluded with the DOJ are subject to approval by the competent American court.

Payment of the fine is expected to occur ten days after entry of judgement and pronouncement of sentence, based upon such approval. Sentencing is currently scheduled for June 2015 which schedule could be postponed by the Court.

1.3. Sale of the Auxiliary components business

The Auxiliary components business was part of Steam business within Thermal Power and was active both in the new equipment market and aftermarket services across three product lines : air preheaters and gas-gas heaters for thermal power plants, heat transfer solutions for a variety of petrochemical and industrial processes, and grinding mills for diversified industrial applications.

The sale of the Auxiliary components business to Triton, a leading European investment firm, was completed on 29 August 2014. In application of the agreements signed by the two parties on 1 April 2014 for a disclosed enterprise value of € 730 million, the proceeds of the sale initially of € 685 million was subject to minor price adjustment. Alstom received the closing notice on January 6, 2015 leading to a positive price adjustment.

The gain on sale represents € 295 million before taxes (€ 201 million after taxes) and is recorded in "Net profit from discontinued operations" in the income statement as of 31 March 2015. The Auxiliary components business being part of Thermal Power, the Group presents all impacts regarding this disposal (gain on sale, costs) on the line "Net profit from discontinued operations" of the income statement.

Note 2. Accounting policies

2.1 Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2015, have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union and whose application was mandatory as at 31 March 2015;
- using the same accounting policies and measurement methods as at 31 March 2014, with the exceptions of changes required by the enforcement of new standards and interpretations.

The information relating to consolidated financial statements for the fiscal year ended 31 March 2013, presented in the 2013/14 registration document D.14-0550 filed with the AMF on 20 May 2014 are included by reference.

The full set of standards endorsed by the European Union can be consulted on the website of the European Commission at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.1.1. New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2014

New consolidation standards:

- **Consolidated statements (IFRS 10):**
  IFRS 10 supersedes IAS 27, Consolidated and separate financial statements and SIC 12, Consolidation – Special purpose entities. This standard introduces a new definition of control. With a view to the first-time application of this standard, the Group undertook an analysis of its investments to determine the level of control exercised over them pursuant to the new definition of control. The Group did not identify any change following the first-time application of this standard.

- **Joint arrangements (IFRS 11):**
  IFRS 11 supersedes IAS 31, Interests in joint ventures, and SIC 13, Jointly controlled entities – non monetary contributions by venturers. The changes and impacts resulting from first-time application of this new standard are detailed in Note 3 “Comparability”.

- **Disclosure of interests in other entities (IFRS 12):**
IFRS 12 covers all the disclosures required when an investor has an interest in any of the followings: subsidiaries, joint arrangements, associates and/or non-consolidated structured entities, regardless of the level of control or influence over the entity.

- **Investments in associates and joint ventures (IAS 28 revised):**
IAS 28 has been amended to include the requirements for joint ventures to be accounted for under the equity method following the issuance of IFRS 11 (see above).

- **Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)**.

Others:

- Offsetting financial assets and financial liabilities (amendments to IAS 32);
- Recoverable amount disclosures for non-financial assets (amendments to IAS 36);
- Novation of derivatives and continuation of hedge accounting (amendments to IAS 39);

The other amendments effective as of 1 April 2014 do not have a material impact on the Group's consolidated financial statements.

2.1.2. New standards and interpretations not yet mandatorily applicable

2.1.2.1 New standards and interpretations endorsed by the European Union

- Levies (IFRIC 21): this interpretation, effective as of 1 April 2015 for Alstom, relates to the recognition date at which the levies should be accrued.
- Improvements to IFRS 2011-2013.

These interpretations will be applied retrospectively and their impact is currently being analysed.

2.1.2.2 New standards and interpretations not yet approved by the European Union and not yet mandatorily applicable

- Financial instruments:
  - Classification and measurement of financial assets (IFRS 9)
  - Mandatory effective date and transition guidance (amendments to IFRS 9 and IFRS 7)
  - Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39;
- Revenue from contracts with customers (IFRS 15): the standard will be applicable for annual periods beginning after 1 January 2017;
- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38);
- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11);
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28);
- Defined Benefit Plans: Employee contributions (amendments to IAS 19R);
- Improvements to IFRS 2010-2012 and IFRS 2012-2014.

The potential impacts of these new pronouncements are currently being analysed.

2.2. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make various estimates and to use assumptions regarded as realistic and reasonable. These estimates or assumptions could affect the value of the Group's assets, liabilities, equity, net income and contingent assets and liabilities at the closing date. Management reviews estimates on an on-going basis using information currently available. Actual results may differ from those estimates, due to changes in facts and circumstances.

The accounting policies most affected by the use of estimates are the following:

- **Revenue and margin recognition on construction and long-term service contracts and related provisions**
  The Group recognises revenue and gross margin on construction and long-term service contracts using the percentage of completion method based on milestones; in addition, when a project review indicates a negative gross margin, the estimated loss at completion is immediately recognised.

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract. Assumptions to calculate present and future obligations take into account current technology as well as the commercial and contractual positions, assessed on a contract-by-contract basis. The introduction of technologically-advanced products exposes the Group to risks of product failure significantly beyond the terms of standard contractual warranties applicable to suppliers of equipment only.

Obligations on contracts may result in penalties due to late completion of contractual milestones, or unanticipated costs due to project modifications, suppliers or subcontractors' failure to perform or delays caused by unexpected conditions or events. Warranty obligations are affected by product failure rates, material usage and service delivery costs incurred in correcting failures.

Although the Group makes individual assessments on contracts on a regular basis, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

- **Estimate of provisions relating to litigations**
  The Group identifies and analyses on a regular basis current litigations and measures, when necessary, provisions on the basis of its best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take into account information available and different possible outcomes.

- **Valuation of deferred tax assets**
  Management judgment is required to determine the extent to which deferred tax assets can be recognised. Future sources of taxable income and the effects of the Group global income tax strategies are taken into account in making this determination. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and future performance deriving from the existing contracts in the order book, the budget and the three-year plan, and the length of carry back, carry forwards and expiry periods of net operating losses.

- **Measurement of post-employment and other long-term defined employee benefits**
  The measurement of obligations and assets related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases as well as withdrawal and mortality rates. If actuarial assumptions materially differ from actual results, it could result in a significant change in the employee benefit expense recognised in the income statement, actuarial gains and losses recognised in other comprehensive income and prepaid and accrued benefits.

- **Valuation of assets**
  The discounted cash flow model used to determine the recoverable value of the groups of cash generating units to which goodwill is allocated includes a number of inputs including estimates of future cash flows, discount rates and other variables, and then requires significant judgment.

  Impairment tests performed on intangible and tangible assets are also based on assumptions. Future adverse changes in market conditions or poor operating results from underlying assets could result in an inability to recover their current carrying value.

- **Inventories**
  Inventories, including work in progress, are measured at the lower of cost and net realisable value. Write-down of inventories are calculated based on an analysis of foreseeable changes in demand, technology or market conditions in order to determine obsolete or excess inventories. If actual market conditions are less favourable than those projected, additional inventory write-downs may be required.

2.3. Significant accounting policies

2.3.1. Consolidation methods

Subsidiaries

Subsidiaries are entities over which the Group exercises control.

The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns.

Generally the determination of control is consistent with the level of voting rights of the entity held by the Group, which gives the Group the power and current ability to direct the relevant activities of the entity.
Subsidiaries are fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Inter-company balances and transactions are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified in a specific line of the equity named "Non-controlling interests". Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. In the absence of explicit agreements to the contrary, subsidiaries' losses are systematically allocated between equity holders of the parent and non-controlling interests based on their respective ownership interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are considered as transactions between shareholders and accounted for in equity.

Joint arrangements
Joint arrangements are the entities over which the Group has joint control.

The Group jointly controls an entity when decisions relating to the relevant activities of that entity require unanimous consent of the Group and the other parties who share control.

A joint arrangement is classified either as a joint operation or as a joint venture. The classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances (see also Note 3.2.):

- **Joint operations**

  Joint operations are entities in which the Group has rights to the assets and obligations for the liabilities.

  The Group recognises the assets, liabilities, revenues and expense related to its interests in the joint operation. A joint operation may be conducted under a separate vehicle or not.

- **Joint ventures**

  Joint ventures are entities in which the Group only has rights to the net assets.

Interests in joint ventures are consolidated under the equity method as described in the paragraph below.

Investments in associates

Associates are entities over which the Group has significant influence. In other words, the Group participates in decisions related to these entities' financial and operating policies without having control (exclusive or joint).

Generally, the existence of significant influence is consistent with a level of voting right held by the Group between 20% and 50%.

Interests in associates are consolidated under the equity method in the consolidated financial statements as described in the paragraph below.

Equity method

The Group accounts for its interests in associates and joint ventures under the equity method. Wherever necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with the policies adopted by the Group.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, including any goodwill arising and transaction costs. Earn-outs are initially recorded at fair value and adjustments recorded through cost of investment when their payments are probable and can be measured with sufficient reliability.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. In case of an associate or joint venture purchased by stage, the Group uses the cost method to account for changes from available for sale (AFS) category to "Investments in joint ventures and associates".

Associates and joint ventures are presented in the specific line "Investments in joint ventures and associates" of the balance sheet, and the Group's share of its associates' profits or losses is recognized in the line "Share of net income of equity-accounted investments" of the income statement whereas its share of post-acquisition movements in reserves is recognized in reserves.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture are not recognized, except if the Group has a legal or implicit obligation.

The impairment expense of investments in associates and joint ventures is recorded in the line "Share of net income of equity-accounted investments" of the income statement.

2.3.2 Translation of financial statements denominated in currencies other than euro

Functional currency is the currency of the primary economic environment in which a reporting entity operates, which in most cases, corresponds to the local currency. However, some reporting entities may have a functional currency different from local currency when that other currency is used for the entity's main transactions and faithfully reflects its economic environment.

Assets and liabilities of entities whose functional currency is other than the euro are translated into euro at closing exchange rate at the end of each reporting period while their income and cash flow statements are translated at the average exchange rate for the period. The currency translation adjustments resulting from the use of different currency rates for opening balance sheet positions, transactions of the period and closing balance sheet positions are recorded in other comprehensive income. Translation adjustments are transferred to the consolidated income statement at the time of the disposal of the related entity.

Goodwill and fair value adjustments arising from the acquisition of entities whose functional currency is not euro are designated as assets and liabilities of those entities and therefore denominated in their functional currencies and translated at the closing rate at the end of each reporting period.

2.3.3 Business combinations

Business combinations completed between the 1 January 2004 and the 31 March 2010 have been recognised applying the provisions of the previous version of IFRS 3.
Business combinations completed from the 1 April 2010 onwards are recognised in accordance with IFRS 3 Revised.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity-interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

For each business combination, any non-controlling interest in the acquiree may be measured either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's

share of goodwill (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).
Acquisition-related costs are recorded as an expense as incurred.
Goodwill arising from a business combination is measured as the difference between:

- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree and;
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognised in the income statement.

Earn-outs are initially recorded at fair value and adjustments made beyond the twelve-month measurement period following the acquisition are systematically recognised through profit or loss.

Goodwill is not amortised but tested for impairment annually at closing date or more frequently if events or changes in circumstances indicate a potential impairment.
In case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

2.3.4. Non-Current Assets Held for Sale and Discontinued Operations

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations.

(a) Assets held for sale
Non-current assets held for sale are presented on a separate line of the balance sheet when (i) the Group has made a decision to sell the asset(s) concerned and (ii) the sale is considered to be highly probable. These assets are measured at the lower of net carrying amount and fair value less costs to sell.

When the Group is committed to a sale process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale, irrespective of whether the Group retains a residual interest in the entity after sale.

(b) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.
When these criteria are met, the results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period. The Group assesses whether a discontinued operation represents a major line of business or geographical area of operations mainly on the basis of its relative contribution to the Group's consolidated financial statements.

In compliance with IFRS 5, the Group applies the following specific measurements which impact the consolidated financial statements:

- Discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, are measured at the lower of their carrying amount and fair value less costs to sell,
- Goodwill, tangible and intangible assets are no longer reviewed for impairment ;
- The exception of IAS 12 consisting in not recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities are recognised with an income statement impact presented within the "Net profit from discontinued operations";
- Amortisation on non-current assets classified as "assets held for sale" ceases at the date of IFRS 5 application;
- Costs specifically incurred in the context of the deal are presented in the P&L within the "Net profit from discontinued operations";
- All intercompany balance-sheet positions are eliminated.

2.3.5. Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) to allocate resources to the segments and assess their performance. There is no segment aggregation.
The Chief Executive Officer is the Group's "chief operating decisions maker" within the meaning of IFRS 8.

The methods used to measure the key performance indicators of the segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements (see also Note 5)

2.3.6. Sales and costs generated by operating activities

Measurement of sales and costs

The amount of revenue arising from a transaction is usually determined by the contractual agreement with the customer. In the case of construction contracts, claims are considered in the determination of contract revenue only when it is highly probable that the claim will result in additional revenue and the amount can be reliably estimated.

Penalties are taken into account in reduction of contract revenue as soon as they are probable.

Production costs include direct costs (such as material, labour and warranty costs) and indirect costs. On the basis of funding required for the execution of contracts, borrowing costs may be attributed to construction contracts whose execution period exceeds one year. Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years. Selling and administrative expenses are excluded from production costs.

Recognition of sales and costs

Revenue on sale of manufactured products is recognised according to IAS 18, i.e. essentially when the significant risks and rewards of ownership are transferred to the customer, which generally occurs on delivery. Revenue on short-term service contracts is recognised on performance of the related service. All production costs incurred or to be incurred in respect of the sale are charged to cost of sales at the date of recognition of sales.

Revenue on construction contracts and long-term service agreements is recognised based on the percentage of completion method: the stage of completion is assessed by milestones which ascertain the completion of a physical proportion of the contract work or the performance of services provided for in the agreement. The revenue for the period is the excess of revenue measured according to the percentage of completion over the revenue recognised in prior periods.

Cost of sales on construction contracts and long-term service agreements is computed on the same basis. The cost of sales for the period is the excess of cost measured according to the percentage of completion over the cost of sales recognised in prior periods. As a consequence, adjustments to contract estimates resulting from work conditions and performance are recognised in cost of sales as soon as they occur, prorated to the stage of completion.

When the outcome of a contract cannot be estimated reliably but the contract overall is expected to be profitable, revenue is still recognised based on milestones, but margin at completion is adjusted to nil.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Bid costs are directly recorded as expenses when a contract is not secured.

With respect to construction contracts and long-term service agreements, the aggregate amount of costs incurred to date *plus* recognised margin *less* progress billings is determined on a contract-by-contract basis. If the amount is positive, it is included as an asset designated as "Construction contracts in progress, assets". If the amount is negative, it is included as a liability designated as "Construction contracts in progress, liabilities".
The caption "Construction contracts in progress, liabilities" also includes down payments received from customers.

Recognition of research and development costs and overhead expenses
Research expenditure is expensed as incurred. Development costs are expensed as incurred unless the project they relate to meets the criteria for capitalisation (see 2.3.11).

Selling and administrative expenses are expensed as incurred.

2.3.7. Income from operations

Income from operations is the indicator used by the Group to present the level of operational performance that can be used as part of an approach to forecast recurring performance.
Income from operations includes gross margin, research and development expenses, selling and administrative expenses. It includes in particular the service cost of employee defined benefits, the cost of share-based payments and employee profit sharing and capital gains (losses) on disposal of intangible and tangible assets arising from ordinary activities.

2.3.8. Other income and other expense

Other income and other expense are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Other income may include capital gains on disposal of investments or activities and capital gains on disposal of tangible and intangible assets arising from activities disposed of, or facing restructuring plans as well as any income associated to past disposals.

Other expense include capital losses on disposal of investments or activities and capital losses on disposal of tangible and intangible assets relating to activities facing restructuring plans as well as any costs associated to past disposals, restructuring costs, rationalisation costs, significant impairment losses on assets, costs incurred to effect business combinations and amortisation expense of assets exclusively acquired in the context of business combinations (margin in backlog, customer relationship, margin on inventory), litigation costs that have arisen outside the ordinary course of business and a portion of post-employment and other long-term defined benefit expense (plan amendments, impacts of curtailments and settlements and actuarial gains and losses referring to long-term benefits other than post-employment benefits).

Rationalisation costs are linked to the Group-wide cost competitiveness plan called D2E (Dedicated to Excellence). Those costs are incremental ones and are incurred on a short-term period.

2.3.9. Financial income and expense

Financial income and expense include:

- Interest income representing the remuneration of the cash position;
- Interest expense related to the financial debt (financial debt consists of bonds, the debt component of compound instruments, other borrowings and lease-financing liabilities);
- Other expenses paid to financial institutions for financing operations;
- The financial component of the employee defined benefits expense (net interest income (expense) and administration costs);
- Other income or expense from cash and cash equivalents and marketable securities.

2.3.10. Foreign currency transactions

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction. Currency units held assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at date of payment as well as unrealised gains or losses deriving from re-measurement are recorded in the income statement.

Since the Group is exposed to foreign currency volatility, the Group puts in place a significant volume of hedges to cover this exposure. These derivatives are recognised on the balance sheet at their fair value at the closing date. Providing that the relationships between the foreign currency exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. A relationship qualifies for hedge accounting if, at the inception of the hedge, it is formally designated and documented and if it proves to be highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging relationships may be of two types:
- Cash flow hedge in case of hedge of the exposure to variability of cash flows attributable to highly probable forecast transactions;
- Fair value hedge in case of hedge of the exposure attributable to recognised assets, liabilities or firm commitments.

Cash flow hedge

When cash flow hedge accounting applies, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the forecast transaction results in the recognition of a financial asset or liability, the amounts previously recognised directly in other comprehensive income are recycled into the income statement. When the forecast transaction results in the recognition of a non-financial asset or liability (for instance, inventories or construction contracts in progress), the gain or loss that was directly recognised in other comprehensive income is included in the carrying amount of the asset or liability.

Fair value hedge
When fair value hedge accounting applies, changes in the fair value of derivatives and changes in the fair value of hedged items are both recognised in the income statement and offset each other up to the gain or loss on the effective portion on the hedging instrument.

Whatever the type of hedge, the ineffective portion on the hedging instrument is recognised in the income statement as well as realised and unrealised exchange gains and losses on hedged items and hedging instruments.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting. For a large Transport project located in South Africa, the hedged firm commitments resulting from the commercial contract are recognised on a forward rate basis. Provided that the corresponding hedging relationship qualifies for hedge accounting, the change in fair value of the hedged items recorded at the project forward rate at inception offsets the change in fair value of the derivatives.

The Group uses export insurance policies to hedge its currency exposure on certain contracts during the open bid period. When commercial contracts are awarded, insurance instruments are settled and forward contracts are put in place and recorded according the fair value hedge accounting as described above.

2.3.11. Intangible assets

Intangible assets include acquired intangible assets (such as technology and licensing agreements) and internally generated intangible assets (mainly development costs).

Acquired intangible assets
Acquired intangible assets are initially measured at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives can extend to twenty years due to the long-term nature of the underlying contracts and activities. The amortisation expense of assets acquired through ordinary transactions is recorded in cost of sales, research and development expenditure, selling expenses or administrative expenses, based on the function of the underlying assets. The amortisation expense of assets exclusively acquired in the context of a business combination (margin in backlog, customer relationship) is recognised as other expense.

Internally generated intangible assets

Development costs are capitalised if and only if the project they relate to meet the following criteria:

- The project is clearly defined and its related costs are separately identified and reliably measured,
- The technical feasibility of the project is demonstrated,
- The intention exists to complete the project and to use or sell it,
- Adequate technical and financial resources are available to complete the project,
- It is probable that the future economic benefits attributable to the project will flow to the Group.

Capitalised development costs are costs incurred directly attributable to the project (materials, services, fees…), including an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. The amortisation charge is reported in research and development expenses.

2.3.12. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. When an item of property, plant and equipment is made up of components with different useful lives, the total cost is allocated between the various components. Components are then separately depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of each component. The useful lives most commonly used are the following:

	Estimated useful life in years
Buildings	7-40
Machinery and equipment	3-25
Tools, furniture, fixtures and others	1-10

Useful lives are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis. The depreciation expense is recorded in cost of sales, selling expenses or administrative expenses, based on the function of the underlying assets.

Borrowing costs that are attributable to an asset whose construction period exceeds one year are capitalised as part of the costs of the asset until the asset is substantially ready for use or sale.

Property, plant and equipment acquired through finance lease arrangements or long-term rental arrangements that transfer substantially all the risks and rewards incidental to ownership are capitalised. They are recognised at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a financing obligation. Lease payments are apportioned between finance charges and repayment of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the term of the relevant lease, when shorter.

Leases that do not transfer substantially all risks and rewards incidental to ownership are classified as operating leases. Rentals payable are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

2.3.13. Impairment of goodwill, tangible and intangible assets

Assets that have an indefinite useful life – mainly goodwill and intangible assets not yet ready to use - are not amortized but tested for impairment at least annually or when there are indicators that they may be impaired. Other intangible and tangible assets subject to amortization are tested for impairment only if there are indicators of impairment.

The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. If the recoverable amount of an asset or a cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in the income statement. In the case of goodwill allocated to a group of CGUs, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset.
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for a cash-generating unit.

For internal management purposes, goodwill acquired in a business combination is monitored at Sector level as defined in the presentation of the Group: therefore goodwill is tested for impairment at the level of the group of cash-generating units.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is elected as representative of the recoverable value. The valuation performed is based upon the Group's internal three-year business plan. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rates are determined using the weighted-average cost of capital.

Impairment losses recognised in respect of goodwill cannot be reversed. The impairment losses recognized in respect of other assets than goodwill may be reversed in a later period and recognized immediately in the income statement. The carrying amount is increased to the revised estimate of recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

2.3.14. Financial assets

Loans and deposits

Loans are initially measured at their fair value, plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Deposits are reported as other non-current assets when their initial maturity is more than three months and as cash and cash equivalents in case of demand deposits or when the initial maturity is less than three months.

If there is any indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded as a financial expense. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported as a financial income.

Investments and debt securities

Investments in non-consolidated companies are designated as available-for-sale financial assets. They are initially measured at their fair value, plus directly attributable transaction costs and subsequently re-measured at fair value.

The fair value of listed securities is the market value at the closing date. A valuation model is used in case of unlisted securities. Changes in fair value are directly recognised in other comprehensive income until the security is disposed of or is determined to be impaired. On disposal or in case of

significant or prolonged decline in the fair value, the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Unlike impairment losses recognised in respect of investments in a debt instrument, impairment losses recognised in respect of investments in equity instruments cannot be reversed through profit and loss.
When the fair value cannot be determined reliably, investments in non-consolidated companies are measured at cost. Any impairment loss recognised for such investment is not reversed in a subsequent period, except when disposed of.

All debt securities that the Group has the expressed intention and ability to hold to maturity are designated as held-to-maturity financial assets. They are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect amounts expected not to be recoverable. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying value and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses may be reversed through profit and loss in subsequent periods.

Marketable securities are securities held for trading which cannot be considered as cash and cash equivalents. They are designated as financial asset at fair value through profit or loss. Changes in fair value are reported as financial income or expense.

Derivative financial instruments

Derivative financial instruments are recognised and re-measured at fair value (see Note 2.3.10. for foreign currency hedging instruments and Note 2.3.20. for interest rate derivatives).

Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded within income from operations. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported within income from operations.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights in a transaction under which substantially all the risks and rewards of the financial assets are transferred.

2.3.15. Inventories

Raw materials and supplies, work in progress and finished products are stated at the lower of cost, using the weighted average cost method, or net realisable value.
Inventory cost includes direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their existing location and condition.
Work in progress refers to costs incurred on product contracts or short term service contracts whose execution will be finalised during a next period.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.3.16. Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.
Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.3.17. Taxation

The group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified for each taxable entity (or each tax group when applicable). Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain taxable temporary differences between the Group's share in the net assets in subsidiaries, joint arrangements and associates and their tax bases. The most common situation when such exception applies relates to undistributed profits of subsidiaries where distribution to the shareholders would trigger a tax liability: when the Group has determined that profits retained by the subsidiary will not be distributed in the foreseeable future, no deferred tax liability is recognised. Nevertheless, the exception is no more applicable to investments/subsidiaries being disposed since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Therefore, in this specific case, deferred tax liabilities are recognised.

Deferred tax assets and liabilities are offset when both of the following conditions are met:
- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred tax is charged or credited to net income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is classified in other comprehensive income.

2.3.18. Provisions

As long as a construction contract or a long-term service agreement is in progress, obligations attributable to such a contract are taken into account in the assessment of the margin to be recognised and are therefore reported within the accounts “Construction contracts in progress, assets” or “Construction contracts in progress, liabilities”.

Upon completion of the contract, such obligations are recognised as distinct liabilities when they satisfy the following criteria:
- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.
Obligations resulting from transactions other than construction contracts and long-term service agreements are directly recognised as provisions as soon as the above-mentioned criteria are met.
Where the effect of the time value of money is material, provisions are measured at their present value.

Restructuring provisions are made when plans to reduce or close facilities, or to reduce the workforce have been finalised and approved by the Group management and have been announced before the balance sheet date, resulting in an obligation of the Group to third parties. Restructuring costs include employees' severance and termination benefits and estimated facility closing costs. In addition to such provisions, restructuring costs may include asset write-off relating to the restructured activities.

2.3.19. Financial liabilities

Bonds and borrowings
Bonds and interest-bearing bank loans are initially recognised at fair value, less any transaction costs directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments
Derivative financial instruments are recognised and re-measured at fair value (see Note 2.3.10 for foreign currency hedging instruments and Note 2.3.20 for interest rate hedging instruments).

Payables
Payables are initially recognised at fair value, which in most cases approximates the nominal value. They are subsequently re-measured at amortised cost.

2.3.20. Interest rate derivatives

The Group may enter into hedges for the purpose of managing its exposure to movements in interest rates. Derivatives are recognised on the balance sheet at fair value at the closing date. Providing that the relationships between the interest rate exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. Fair value hedge accounting and cash flow hedge accounting are applied to fixed and floating rate borrowings, respectively.

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective portion of hedged risk. In the case of cash flow hedging relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. Amounts previously recognised directly in other comprehensive income are reclassified to the income statement, when the hedged risk impacts the income statement.

2.3.21. Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value at the grant date (excluding the effect of non-market-based conditions) using the binomial pricing model or the Black-Scholes model for plans issued from 2009. The cumulative recognised expense is based on the fair value at grant date and on the estimated number of shares that will eventually vest (including the effect of non-market-based vesting conditions). It is recorded in income from operations throughout the vesting period with a counterpart in equity.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Cash-settled share-based payments

For cash-settled share-based payments, a liability equal to the portion of the goods or services rendered is recognised at the current fair value. The fair value is remeasured at each balance-sheet date and at the date of settlement, with any changes recognised in the income statement.

The Group may also provide employees with the ability to purchase the Group's ordinary shares at a discounted price compared to that of the current market value. In that case, the Group records an expense based on the discount given and its estimate of the shares expected to vest.

2.3.22. Post-employment and other long-term defined employee benefits

The Group provides its employees with various types of post-employment benefits, such as pensions, retirement bonuses and medical care, and other long-term benefits, such as jubilee awards and deferred compensation schemes. The type of benefits offered to individual employees is related to local legal requirements as well as practices of the specific subsidiaries.

The Group's health care plans are generally contributory with participants' contributions adjusted annually.

Post-employment defined benefit plans

For single employer defined benefit plans, the Group uses the Projected Unit Credit Method to determine the present value of its obligations and the related current and past service costs/profits. This method considers the actuarial assumptions' best estimates (for example, the expected turnover, the expected future salary increase and the expected mortality).

Most defined benefit pension liabilities are funded through pension funds legally distinct from the entities constituting the Group. Plan assets related to funded plans are invested mainly in equity and debt securities. Other supplemental pension plans sponsored by the Group for certain employees are directly paid by the employer as they become due. Post-employment medical benefit plans are predominantly unfunded.

The Group periodically reviews plan assets and obligations. The effects of any change in actuarial assumptions together with the differences between forecast and actual experience are assessed. The Group recognises in other comprehensive income the full amount of any actuarial gains and losses as well as the effect of any asset ceiling.

The estimated cost of providing defined benefits to employees is accrued during the years in which the employees render services. In the income statement, the service cost is included in the income from operations. The past service cost/profit and specific events impacts (e.g. curtailments and settlements) are recognised in other expense/income. Net interest on the net defined benefit liability (asset) and administration costs are included in financial income (expenses).

The Group also participates in multi-employer defined benefit plans, mainly in the United States of America and Canada. As corresponding funds are not able to provide sufficient information to use defined benefit accounting, these plans are accounted for as defined contribution plans (see below).

Post-employment defined contribution plans

For defined contribution plans, the Group pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded as operating expenses.

Other long-term employee benefits

The accounting method used when recognising obligations arising from other long-term employee benefits is similar to the method used for post-employment defined benefits, except that actuarial gains/losses are immediately recognised in full in "other income/expense" in the income statement.

2.3.23. Off balance sheet commitments

Commitments arising from execution of operations controlled by the Group

In the ordinary course of business, the Group is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations). Obligations may also arise from leases and regulations in respect of tax, custom duties, environment, health and safety. These obligations may or may not be guaranteed by bonds issued by banks or insurance companies.

As the Group is in a position to control the execution of these obligations, a liability only arises if an obligating event (such as a dispute or a late completion) has occurred and makes it likely that an outflow of resources will occur.

When the liability is considered as only possible but not probable or, when probable, cannot be reliably measured, it is disclosed as a contingent liability.

When the liability is considered as probable and can be reliably measured, the impact on the financial statements is the following:

- if the additional liability is directly related to the execution of a customer contract in progress, the estimated gross margin at completion of the contract is reassessed; the cumulated margin recognised to date based on the percentage of completion and the accrual for future contract loss, if any, are adjusted accordingly,
- if the additional liability is not directly related to a contract in progress, a liability is immediately recognised on the balance sheet.

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.

No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable. Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

Commitments arising from execution of operations not wholly within the control of the Group
Obligations towards third parties may arise from on-going legal proceedings, credit guarantees covering the financial obligations of third parties in cases where the Group is the vendor, and indemnification guarantees issued in connection with disposals of business entities.

In case of legal proceedings, a contingent liability is disclosed when the liability is considered as only possible but not probable, or, when probable, cannot be reliably measured. In case of commitments arising from guarantees issued, contingent liabilities are disclosed as soon as guarantees have been delivered and as long as they have not matured.

A provision is recorded if the obligation is considered as probable and can be reliably measured.

Contingent assets arising from legal proceedings or guarantees delivered by third parties are only disclosed when they become probable.

2.3.24. Earnings per share

Basic earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period increased by the weighted average number of shares to be issued on reimbursement of bonds reimbursable with shares ("ORA").

Diluted earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period adjusted in order to take into consideration all dilutive instruments (ORA, stock options, free shares).

2.3.25. Presentation of consolidated financial statements

The consolidated financial statements are presented in millions of Euros.

Note 3. Comparability

3.1 IFRS 5, Non-current assets held for sale and discontinued operations

As mentioned in Note 1.1, the Energy activities are reported as “discontinued operations” in Alstom consolidated financial statements. In accordance with IFRS 5:

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet as at 31 March 2015, with no reclassification of the comparative balance sheet as at 31 March 2014;
- the net profit of discontinued operations realized over the year is disclosed by a single amount on the face of the consolidated income statement into the line named “Net profit from discontinued operations”. The income statement of comparative periods is re-presented in accordance with IFRS 5;
- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the year are disclosed in the consolidated statement of cash flows.

3.2 First time application of IFRS 11, Joint arrangements

As described in Note 2.3.1 § Consolidation methods, IFRS 11 prescribes accounting treatments for arrangements over which two or more investors exercise joint control. Pursuant to this new standard, a joint arrangement is classified either as a joint operation or as a joint venture. The classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

The impacts of the first-time application of this standard (applied retrospectively) are presented in paragraph 3.3.

3.3 Impacts on consolidated financial statements

Both impacts of IFRS 11 and IFRS 5 on the Group’s consolidated financial statements of the comparative periods are presented below. The application of those two standards has no impact on the equity of the Group.

CONSOLIDATED INCOME STATEMENT RESTATED

	Year ended 31 March 2014			
(in € million)	**Published**	**IFRS 11 Impacts**	**IFRS 5 Impacts**	**Restated**
Sales	**20,269**	**(211)**	**(14,332)**	**5,726**
Cost of sales	(16,213)	173	11,236	(4,804)
Research and development expenses	(733)	11	600	(122)
Selling expenses	(966)	4	758	(204)
Administrative expenses	(933)	3	602	(328)
Income from operations	**1,424**	**(20)**	**(1,136)**	**268**
Other income	27	-	(27)	-
Other expense	(443)	(1)	338	(106)
Earnings before interest and taxes	**1,008**	**(21)**	**(825)**	**162**
Financial income	28	(2)	38	64
Financial expense	(336)	(1)	114	(223)
Pre-tax income	**700**	**(24)**	**(673)**	**3**
Income tax charge	(163)	4	253	94
Share of net income of equity-accounted investments	29	20	21	70
Net profit from continuing operations	**566**	-	**(399)**	**167**
Net profit from discontinued operations	-	-	399	399
NET PROFIT	**566**	**-**	**-**	**566**
Net profit from continuing operations attributable to:				
- Equity holders of the parent	556	-	(396)	160
- Non controlling interests	10	-	(3)	7
Net profit from discontinued operations attributable to:				
- Equity holders of the parent	-	-	396	396
- Non controlling interests	-	-	3	3
Earnings per share (in €)				
- Basic earnings per share	1.80	-	-	1.80
- Diluted earnings per share	1.78	-	-	1.78
Earnings per share (in €)				
- Basic earnings per share from continuing operations	1.80	-	(1.28)	0.52
- Diluted earnings per share from continuing operations	1.78	-	(1.27)	0.51
Earnings per share (in €)				
- Basic earnings per share from discontinued operations	-	-	1.28	1.28
- Diluted earnings per share from discontinued operations	-	-	1.27	1.27

STATEMENT OF COMPREHENSIVE INCOME RESTATED

	Year ended 31 March 2014		
(in € million)	**Published**	**IFRS 11 Impacts**	**Restated**
Net profit recognised in income statement	**566**	**-**	**566**
Remeasurement of post-employment benefits obligations	107	-	107
Income tax relating to items that will not be reclassified to	(54)	-	(54)
Items that will not be reclassified to profit or loss	**53**	**-**	**53**
of which from equity-accounted investments	-	-	-
Fair value adjustments on available-for-sale assets	(15)	-	(15)
Fair value adjustments on cash flow hedge derivatives	(1)	-	(1)
Currency translation adjustments	(326)	-	(326)
Income tax relating to items that may be reclassified to profit or loss	4	-	4
Items that may be reclassified to profit or loss	**(338)**	**-**	**(338)**
of which from equity-accounted investments	*(62)*	*(7)*	*(69)*
Other comprehensive income	**(285)**	**-**	**(285)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**281**	**-**	**281**
Attributable to:			
- Equity holders of the parent	285	-	285
- Non controlling interests	(4)	-	(4)
Total comprehensive income attributable to equity shareholders arises from :			
- Continuing operations	42	-	42
- Discontinued operations	243	-	243
Total comprehensive income attributable to minority equity arises from :			
- Continuing operations	5	-	5
- Discontinued operations	(9)	-	(9)

ALSTOM

CONSOLIDATED BALANCE SHEET RESTATED

(in € million)	At 31 March 2014 Published	At 31 March 2014 IFRS 11 Impacts	At 31 March 2014 Restated	At 31 March 2013 Published	At 31 March 2013 IFRS 11 Impacts	At 31 March 2013 Restated
ASSETS						
Goodwill	5,281	(12)	5,269	5,536	(12)	5,524
Intangible assets	2,054	(1)	2,053	1,982	(2)	1,980
Property, plant and equipment	3,032	(64)	2,968	3,024	(42)	2,982
Investments in joint-ventures and associates	460	85	545	598	68	666
Non consolidated investments	160	-	160	100	-	100
Other non-current assets	533	(23)	510	521	(15)	506
Deferred taxes	1,647	-	1,647	1,720	-	1,720
Total non-current assets	**13,167**	**(15)**	**13,152**	**13,481**	**(3)**	**13,478**
Inventories	2,977	(5)	2,972	3,144	(5)	3,139
Construction contracts in progress, assets	3,967	(16)	3,951	4,158	(13)	4,145
Trade receivables	4,483	(33)	4,450	5,285	(30)	5,255
Other current operating assets	3,203	(70)	3,133	3,328	(5)	3,323
Marketable securities and other current financial assets	18	8	26	36	-	36
Cash and cash equivalents	2,320	(44)	2,276	2,195	(48)	2,147
Total current assets	**16,968**	**(160)**	**16,808**	**18,146**	**(101)**	**18,045**
Assets held for sale	293	-	293	-	-	-
TOTAL ASSETS	**30,428**	**(175)**	**30,253**	**31,627**	**(104)**	**31,523**

(in € million)	At 31 March 2014 Published	At 31 March 2014 IFRS 11 Impacts	At 31 March 2014 Restated	At 31 March 2013 Published	At 31 March 2013 IFRS 11 Impacts	At 31 March 2013 Restated
EQUITY AND LIABILITIES						
Equity attributable to the equity holders of the parent	5,044	-	5,044	4,994	-	4,994
Non controlling interests	65	-	65	93	-	93
Total equity	**5,109**	**-**	**5,109**	**5,087**	**-**	**5,087**
Non-current provisions	710	-	710	680	-	680
Accrued pension and other employee benefits	1,526	(1)	1,525	1,674	(1)	1,673
Non-current borrowings	4,009	-	4,009	4,197	(13)	4,184
Non-current obligations under finance leases	398	-	398	433	-	433
Deferred taxes	176	-	176	284	-	284
Total non-current liabilities	**6,819**	**(1)**	**6,818**	**7,268**	**(14)**	**7,254**
Current provisions	1,191	-	1,191	1,309	-	1,309
Current borrowings	1,267	(17)	1,250	283	(1)	282
Current obligations under finance leases	47	-	47	42	-	42
Construction contracts in progress, liabilities	8,458	(32)	8,426	9,909	(46)	9,863
Trade payables	3,866	(47)	3,819	4,041	(34)	4,007
Other current operating liabilities	3,671	(78)	3,593	3,688	(9)	3,679
Total current liabilities	**18,500**	**(174)**	**18,326**	**19,272**	**(90)**	**19,182**
Liabilities held for sale	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**30,428**	**(175)**	**30,253**	**31,627**	**(104)**	**31,523**

CONSOLIDATED STATEMENT OF CASH FLOWS RESTATED

	Year ended 31 March 2014		
(in € million)	**Published**	**IFRS 11 Impacts**	**Restated**
Net profit	**566**	**-**	**566**
Depreciation, amortisation, expense arising from share-based payments and others	569	(4)	565
Post-employment and other long-term defined employee benefits	(17)	-	(17)
Net (gains)/losses on disposal of assets	(23)	-	(23)
Share of net income of equity-accounted investments (net of dividends received)	7	(13)	(6)
Deferred taxes charged to income statement	(163)	1	(162)
Net cash provided by operating activities - before changes in working capital	**939**	**(16)**	**923**
Changes in working capital resulting from operating activities	**(300)**	**(2)**	**(302)**
Net cash provided by/(used in) operating activities	**639**	**(18)**	**621**
Proceeds from disposals of tangible and intangible assets	34	(2)	33
Capital expenditure (including capitalised R&D costs)	(844)	33	(811)
Increase/(decrease) in other non-current assets	(9)	8	(2)
Acquisitions of businesses, net of cash acquired	(105)	(11)	(116)
Disposals of businesses, net of cash sold	17	-	17
Net cash provided by/(used in) investing activities	**(907)**	**28**	**(879)**
Capital increase/(decrease) including non controlling interests	36	(1)	35
Dividends paid including payments to non controlling interests	(267)	-	(267)
Changes in ownership interests with no gain/loss of control	-	-	-
Issuances of bonds & notes	500	-	500
Repayments of bonds & notes issued	(26)	-	(26)
Changes in current and non-current borrowings	346	(14)	332
Changes in obligations under finance leases	(38)	-	(38)
Changes in marketable securities and other current financial assets and liabilities	13	2	15
Net cash provided by/(used in) financing activities	**564**	**(13)**	**551**
Net increase/(decrease) in cash and cash equivalents	**296**	**(3)**	**293**
Cash and cash equivalents at the beginning of the period	2,195	(48)	2,147
Net effect of exchange rate variations	(148)	6	(142)
Other changes	(23)	1	(22)
Cash and cash equivalents at the end of the period	**2,320**	**(44)**	**2,276**
Income tax paid	*(266)*	*4*	*(262)*
Net of interests paid & received	*(202)*	*-*	*(202)*

Note 4. Assets held for sale and discontinued operations

4.1. The planned Energy transaction

As mentioned in Note 1.1 and in Note 2.3.4, Alstom considers - since the Board's approval on 20 June 2014 - that conditions for the application of IFRS 5 are met with respect to the plan to sell Energy activities:

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet as at 31 March 2015, with no reclassification of the comparative balance sheet as at 31 March 2014;
- the net profit of discontinued operations realized over the year is disclosed by a single amount on the face of the consolidated income statement into the line named "Net profit from discontinued operations". The income statement of comparative periods is re-presented in accordance with IFRS 5;
- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the year are disclosed in the consolidated statement of cash flows.

As far as central and shared services are part of Energy transaction, the Group has analysed and allocated Corporate costs (internal and external costs, legal costs…) and liabilities (provisions, pension plans) between continuing operations and discontinued operations to report relevant financial information.

The current accounting impacts of the planned Energy transaction are based on the GE offer and related agreements, and reflect management current best estimate. They will be finalized as part of the transaction closing, expected to occur in the coming months.

4.2. Sale of the Auxiliary components business

As of 31 March 2014, assets held for sale amounting to €293 million related to the contemplated sale of the Auxiliary components business to Triton, a leading European investment firm. As described in Note 1.3, the disposal was completed on 29 August 2014 and the gain on sale representing € 295 million before taxes (€ 201 million after taxes) is recorded in the "Net profit from discontinued operations" line in the income statement as of 31 March 2015.

4.3. Financial statements of discontinued operations

- **Income statement**

(in € million)	Year ended 31 March 2015	 31 March 2014*
Sales	**13,330**	**14,332**
Pre-tax income	**454**	**673**
Income tax charge	(343)	(253)
Share of net income of equity-accounted investments	2	(21)
NET PROFIT FROM DISCONTINUED OPERATIONS	**113**	**399**
Attributable to:		
- Equity holders of the parent	104	396
- Non controlling interests	9	3

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

At 31 March 2015, the impacts relating to the application of IFRS5 to the Energy activities are the following:

- Alstom ceased the amortization of Energy's tangible and intangible assets at the date of IFRS 5 application (€ 292 million before taxes and € (66) million of tax effect);
- the net interests paid to Alstom Holdings resulting from cash pooling agreements amounts to € (76) million (€ (50) million as at 31 March 2014) (see Note 8);
- the income tax charge includes € (72) million of deferred tax expense related to the recognition of deferred tax liabilities resulting from the difference between tax and consolidated values of the investments/subsidiaries.

Other impacts specifically linked to the transaction with GE in the income statement include:

- the costs specifically incurred in the context of the deal amount to €(108) million;
- stock options and performance plans conditions acceleration and other compensation.

- **Other comprehensive income**

As at 31 March 2015, the cumulative amount recognised in other comprehensive income relating to the Energy activities amounts to € (1,667) million, including:

- items that will not be reclassified to profit and loss mainly relating to actuarial gains and losses on defined benefit obligations for an amount net of tax of € (1,875) million;
- items that will be reclassified to profit and loss amounting to € 208 million mainly related to currency translation adjustment.

Following the sale of the Auxiliary components business, € (21) million of other comprehensive income on pensions have been reclassified to Retained earnings and € (16) million of consolidated translation adjustment have been recycled in the income statement as at March 31, 2015.

- **Balance-sheet**

(in € million)	**At 31 March 2015**
Goodwill	4,690
Intangible assets	1,824
Property, plant and equipment	2,786
Investments in joint-ventures and associates	86
Non consolidated investments	118
Other non-current assets	127
Deferred taxes	1,043
Total non-current assets	**10,674**
Inventories	2,352
Construction contracts in progress, assets	1,734
Trade receivables	3,172
Other current operating assets	2,809
Marketable securities and other current financial assets	4
Total current assets	**10,071**
Cash and cash equivalents	**670**
TOTAL ASSETS HELD FOR SALE	**21,415**

(in € million)	**At 31 March 2015**
Non-current provisions	491
Accrued pension and other employee benefits	1,761
Deferred taxes	130
Total non-current liabilities (excluding financial debt)	**2,382**
Current provisions	695
Construction contracts in progress, liabilities	5,702
Trade payables	3,439
Other current operating liabilities	2,668
Total current liabilities (excluding financial debt)	**12,504**
Financial debt	**287**
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**15,173**

The impairment test at 31 March 2014 supported the Group's opinion that goodwill was not impaired. At the date of IFRS 5 application, the Group considered that the assumptions used to

assess the recoverable value of goodwill of Thermal Power, Renewable Power and Grid at 31 March 2014 were not substantially modified.
The disposal value will significantly exceed the carrying value of net assets held for sale.

- **Aggregated statement of cash-flow**

(in € million)	**Year ended 31 March 2015**
Operating flows provided / (used) by discontinued operations	163
Investing flows provided / (used) by discontinued operations	593
Financing flows provided / (used) by discontinued operations	(193)

The Group entered into factoring programs to finance trade receivables. Energy subsidiaries transferred trade receivables as at March 2015, among which € 105 million were eligible for derecognition under IAS 39, which were part of the operating flows provided/used by discontinued activities.

Investing flows include primarily the followings:
- cash impact of the disposal of the Auxiliary components business for an amount of € 665 million;
- internal disposals of investments by discontinued entities to continued entities for a total amount of € 654 million, and;
- capital expenditure for an amount of € (590) million.

Financing flows include:
- internal dividends paid by discontinued entities to continued entities for a total amount of € (415) million
- internal flows related to capital increase of continued entities performed by discontinued activities for € (300) million;
- internal flows related to capital increase of discontinued entities performed by continued activities for € 579 million.

Financing flows do not include internal loans/borrowings, considered as cash and cash equivalent.

- **Contingent liabilities - Commercial obligations**

As at 31 March 2015, the total outstanding bonding guarantees related to Energy contracts, issued by banks or insurance companies, amounts to € 11.9 billion (€ 9.5 billion at 31 March 2014).

Note 5. Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) - the Group's chief operating decisions maker with the meaning of IFRS 8 - to allocate resources to the segments and assess their performance. Pursuant to IFRS 5, the Energy activities (Thermal Power, Renewable Power, Grid and central and shared services excluding Alstom SA and Alstom Holdings), which are discontinued operations as at 31 March 2015, are no longer reported as operating segments but are presented as "Discontinued sectors".

5.1. Key indicators by operating segment

At 31 March 2015

(in € million)	Transport	Corporate & Others (1)	Discontinued Sectors	Eliminations	Total
Sales	6,143	24		(4)	6,163
Inter Sector eliminations	(4)	-		4	-
Total Sales	**6,139**	**24**		**-**	**6,163**
Income (loss) from operations	**345**	**(27)**		**-**	**318**
Earnings before interest and taxes	**159**	**(780)**		**-**	**(621)**
Financial income (expense)					(137)
Income tax					8
Share of net income of equity-accounted investments					(64)
Net profit from continuing operations					**(814)**
Net profit from discontinued operations (2)			113		113
NET PROFIT					**(701)**
Capital expenditure	**(165)**	**(1)**	**(590)**	**-**	**(756)**
Depreciation and amortisation in EBIT	**163**	**2**	**97**	**-**	**262**

(1) Corporate costs were allocated between discontinued Sectors and Corporate & Others (continuing operations) (see Note 4.1);

(2) See Note 4 "Assets held for sale and discontinued operations".

(in € million)	Transport	Corporate & Others	Total
Segment assets (1)	**7,655**	**1,380**	**9,035**
Deferred taxes (assets)			732
Prepaid employee defined benefit costs			8
Financial assets			2,043
Assets held for sale (4)			21,415
TOTAL ASSETS			**33,233**
Segment liabilities (2)	**5,883**	**2,295**	**8,178**
Deferred taxes (liabilities)			11
Accrued employee defined benefit costs			461
Financial debt			5,186
Total equity			4,224
Liabilities related to assets held for sale (4)			15,173
TOTAL EQUITY AND LIABILITIES			**33,233**
Capital employed (3)	**1,772**	**(915)**	**857**

(1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, construction contracts in progress assets, trade receivables and other operating assets.

(2) Segment liabilities are defined as the sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities;

(3) Capital employed corresponds to segment assets *minus* segment liabilities;

(4) See Note 4.2 "Assets held for sale and discontinued operations".

At 31 March 2014*

(in € million)	Transport	Corporate & Others (1)	Discontinued Sectors	Eliminations	Total
Sales	5,687	46		(7)	5,726
Inter Sector eliminations	(7)	-		7	-
Total Sales	**5,680**	**46**		**-**	**5,726**
Income (loss) from operations	**308**	**(40)**		**-**	**268**
Earnings before interest and taxes	**228**	**(66)**		**-**	**162**
Financial income (expense)					(159)
Income tax					94
Share of net income of equity-accounted investments					70
Net profit from continuing operations					**167**
Net profit from discontinued operations (2)			399		399
NET PROFIT					**566**
Capital expenditure	**(187)**	**(1)**	**(623)**	**-**	**(811)**
Depreciation and amortisation in EBIT	**141**	**2**	**397**	**-**	**540**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

(1) Corporate costs were allocated between discontinued Sectors and Corporate & Others (continuing operations) (see Note 4.1);

(2) See Note 4 "Assets held for sale and discontinued operations".

(in € million)	Thermal Power	Renewable Power	Grid	Transport	Corporate & Others	Total
Segment assets (1)	**9,610**	**3,104**	**5,072**	**6,868**	**971**	**25,625**
Deferred taxes (assets)						1,647
Prepaid employee defined benefit costs						22
Financial assets						2,666
Assets held for sale (4)						293
TOTAL ASSETS						**30,253**
Segment liabilities (2)	**7,145**	**1,641**	**2,972**	**4,973**	**1,008**	**17,739**
Deferred taxes (liabilities)						176
Accrued employee defined benefit costs						1,525
Financial debt						5,704
Total equity						5,109
Liabilities related to assets held for sale (4)						-
TOTAL EQUITY AND LIABILITIES						**30,253**
Capital employed (3)	**2,465**	**1,463**	**2,100**	**1,895**	**(37)**	**7,886**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11 (1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, construction contracts in progress assets, trade receivables and other operating assets;

(2) Segment liabilities are defined as the sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities;

(3) Capital employed corresponds to segment assets *minus* segment liabilities;

(4) Relates to the sale of the Auxiliary Component business

5.2. Key indicators by geographic area

Sales by country of destination

	Year ended	
(in € million)	**31 March 2015**	**31 March 2014***
Europe	4,340	4,072
of which France	*1,284*	*1,323*
Americas	739	702
Asia & Pacific	449	453
Middle-East & Africa	635	499
TOTAL GROUP	**6,163**	**5,726**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal.

Non-current assets by country of origin

(en millions d'€)	At 31 March 2015	At 31 March 2014*
Europe	1,892	4,883
of which France	883	1,548
Americas	104	858
Asia / Pacific	219	1,979
Middle East / Africa	18	3,692
TOTAL GROUP	**2,233**	**11,412**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' non-current assets as "Assets held for sale" for an amount of €9,630 million.

Non-current assets by country of origin are defined as non-current assets other than those related to financial debt, to employee defined benefit plans and deferred tax assets.

5.3. Information about major customers

No external customer represents individually 10% or more of the Group's consolidated sales.

Note 6. Research and development expenditure

	Year ended	
(in € million)	31 March 2015	31 March 2014*
Research and development expenses	**(112)**	**(122)**
Development costs capitalised during the period	(67)	(77)
Amortisation expense of capitalised development costs	63	68
Amortisation of acquired technology	-	-
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**(116)**	**(131)**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

During the fiscal year ended 31 March 2015, the Group invested € 116 million in research and development, notably for the development of the Urbalis™ Fluence signaling solution and the CITADIS™ Spirit light rail vehicle intended to the North American market.

The research and development programs relate to the broadening and strengthening of Transport Sector product offering.

Note 7. Other income and other expense

	Year ended	
(in € million)	31 March 2015	31 March 2014*
Capital gains on disposal of businesses	4	-
OTHER INCOME	**4**	**-**
Capital losses on disposal of businesses	(16)	(3)
Restructuring and rationalisation costs	(106)	(48)
Impairment losses and other	(821)	(55)
OTHER EXPENSE	**(943)**	**(106)**
OTHER INCOME (EXPENSE)	**(939)**	**(106)**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

Other income and other expense represent mainly:

- Losses on prior years disposals;
- Restructuring costs related to the adaptation of Transport's footprint;
- Rationalization costs are linked to the Group-wide costs competitiveness plan called D2E ("Dedicated to Excellence");
- Costs associated with legal proceedings that have arisen outside of the ordinary course of business, in particular the settlement with the US DOJ for €722 million (see Note 1);
- Impairment on assets in France and in Russia for a total amount of € 39 million (€ 20 million related to investments in Russia as of 31 march 2014).

Note 8. Financial income (expense)

(in € million)	Year ended 31 March 2015	31 March 2014*
Interest income	12	4
Interest expense recharged to the discontinued operations	76	50
Net exchange gain	13	8
Other financial income	8	2
FINANCIAL INCOME	**109**	**64**
Interest expense on borrowings	(193)	(184)
Net financial expense from employee defined benefit plans (see note 25)	(14)	(12)
Other financial expense	(39)	(26)
FINANCIAL EXPENSE	**(246)**	**(223)**
FINANCIAL INCOME (EXPENSE) FROM CONTINUING OPERATIONS	**(137)**	**(159)**
Out of which :		
Financial income/(expense) arising from financial instruments (see Note 27.1)	(199)	(196)

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

As at 31 March 2015:

- Interest income of € 12 million represents the remuneration of the Group's cash positions over the period;
- Interest expense recharged to the discontinued operations amounts to € 76 million in application of the cash pool agreements (see also Note 4);
- Interest expense of € (193) million represents the cost of the external gross financial debt of the Group;
- The net financial expense from employee defined benefit plans of € (14) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate;
- Other financial expense includes mainly fees and commitment fees paid on guaranteed facilities, syndicated loans and other financing facilities for € (29) million.

Note 9. Taxation

9.1. Analysis of income tax charge

The following table summarises the components of income tax charge:

(in € million)	Year ended 31 March 2015	31 March 2014*
Current income tax charge	(45)	(48)
Deferred income tax charge	53	142
Income tax charge	**8**	**94**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

The income tax charge may change from one year to another, notably based on the following events:

- the geographical mix of income before taxes,
- the Group's ability to recognise deferred tax assets and to use its tax loss carry forwards,
- the outcome of income tax audits and,
- changes on local regulations.

9.2. Income tax reconciliation

The following table provides reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge, free of the temporary additional contributions:

	Year ended	
(in € million)	**31 March 2015**	**31 March 2014***
Pre-tax income	**(758)**	**3**
Statutory income tax rate of the parent company	34.43%	34.43%
Expected tax charge	**261**	**(1)**
Impact of:		
- Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	2	29
- Changes in unrecognised deferred tax assets	7	31
- Changes in tax rates	(7)	1
- Additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(19)	(28)
- Permanent differences and other (1)	(236)	62
Income tax charge	**8**	**94**

* Figures have been restated and represented as mentioned in Note 3 “Comparability” following the first application of IFRS 11 and following the application of IFRS 5 “Non-current assets held for sale and discontinued operations” in the context of the Energy disposal

(1) Including impact of the agreement with the DOJ for an amount of € (248) million (refer to Note 1.2), as at 31 March 2015 and internal reorganisation as at 31 March 2014

9.3. Deferred tax assets and liabilities

	Year ended	
(in € million)	**At 31 March 2015**	**At 31 March 2014***
Deferred tax assets	732	1,647
Deferred tax liabilities	(11)	(176)
DEFERRED TAX ASSETS, NET	**721**	**1,471**

* Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11

9.4. Changes in net deferred tax assets

Net deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarises the significant components of the Group's net deferred tax assets:

(in € million)	At 31 March 2014*	Change in P&L (2)	Change in equity (1)	Translation adjustments and other changes	Assets and liabilities held for sale	At 31 March 2015
Differences between carrying amount and tax basis of tangible and intangible assets	4	(157)	-	(3)	226	70
Accruals for employee benefit costs not yet deductible	240	(8)	99	37	(301)	67
Provisions and other accruals not yet deductible	443	47	-	57	(399)	148
Differences in recognition of margin on construction contracts	(84)	24	-	(55)	99	(16)
Tax loss carry forwards	900	62	-	90	(563)	489
Other	(32)	(45)	6	9	25	(37)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**1,471**	**(77)**	**105**	**135**	**(913)**	**721**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) Mainly related to actuarial gains and losses directly recognised in equity (see consolidated statement of comprehensive income).

(2) Of which € 53 million for continuing activities and € (130) million for discontinued activities

(in € million)	At 31 March 2013*	Change in P&L (2)	Change in equity (1)	Changes in consolidation scope	Translation adjustments and other changes	At 31 March 2014*
Differences between carrying amount and tax basis of tangible and intangible assets	(93)	92	-	-	5	4
Accruals for employee benefit costs not yet deductible	287	9	(54)	-	(2)	240
Provisions and other accruals not yet deductible	516	25	-	-	(98)	443
Differences in recognition of margin on construction contracts	(133)	(29)	-	-	78	(84)
Tax loss carry forwards	878	49	-	-	(27)	900
Other	(19)	17	4	-	(34)	(32)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**1,436**	**163**	**(50)**	**-**	**(78)**	**1,471**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) Mainly related to actuarial gains and losses directly recognised in equity (see consolidated statement of comprehensive income).

(2) Of which € 142 million for continuing activities and € 21 million for discontinued activities

The assessment of the ability to recover net deferred tax assets at 31 March 2015 (€721 million) is based on an extrapolation of the latest three-year business plan and strategy for the long-term recovery of tax losses in each country.

Unrecognised deferred tax assets amounts to € 400 million at 31 March 2015 (€363 million at 31 March 2014 for continuing activities). Most of these unrecognised deferred taxes are originated from tax losses carried forward (€363 million at 31 March 2015 and €325 million at 31 March 2014 for continuing activities), out of which €182 million are not subject to expiry at 31 March 2015 (€101 million at 31 March 2014 for continuing activities).

Note 10. Earnings per share

10.1. Earnings

	Year ended	
(in € million)	**31 March 2015**	**31 March 2014***
Net Profit attributable to equity holders of the parent :		
- From continuing operations	(823)	160
- From discontinued operations	104	396
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**(719)**	**556**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

10.2. Number of shares

	Year ended	
	31 March 2015	**31 March 2014**
Weighted average number of ordinary shares used to calculate basic earnings per share (see Note 22)	**309,364,543**	**308,559,756**
Effect of dilutive instruments other than bonds reimbursable with shares:		
- Stock options and performance shares (LTI plan)	1,749,335	2,948,209
- Performance shares (Alstom Sharing plans)	-	113,406
Weighted average number of ordinary shares used to calculate diluted earnings per share (see Note 22)	**311,113,878**	**311,621,371**

10.3. Earnings per share

	Year ended	
(in €)	**31 March 2015**	**31 March 2014***
Basic earnings per share	(2.32)	1.80
Diluted earnings per share	(2.31)	1.78
Basic earnings per share from continuing operations	(2.66)	0.52
Diluted earnings per share from continuing operations	(2.65)	0.51
Basic earnings per share from discontinued operations	0.34	1.28
Diluted earnings per share from discontinued operations	0.33	1.27

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

Note 11. Goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives are reviewed for impairment at least annually and whenever events or circumstances indicate that they might be impaired. Such events or circumstances are related to significant, unfavourable changes that are of a lasting nature and affect either the economic environment or the assumptions or the targets adopted as of the acquisition date. An impairment loss is recognised when the recoverable value of the assets tested becomes durably lower than their carrying value.

11.1. Goodwill

(in € million)	At 31 March 2014*	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	Assets held for sale	At 31 March 2015
Transport	674	4	-	10	-	688
Thermal Power	2,904	-	-	69	(2,973)	-
Renewable Power	532	-	-	10	(542)	-
Grid	1,159	1	-	15	(1,175)	-
GOODWILL	**5,269**	**5**	**-**	**104**	**(4,690)**	**688**
Of which:						
Gross value	5,269	5	-	104	(4,690)	688
Impairment	-	-	-	-	-	-

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' goodwill as "Assets held for sale" for an amount of € 4,690 million (see Note 4).

(in € million)	At 31 March 2013*	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes**	At 31 March 2014*
Transport	679	-	-	(5)	674
Thermal Power	3,221	-	-	(317)	2,904
Renewable Power	489	55	(12)	-	532
Grid	1,135	31	-	(7)	1,159
GOODWILL	**5,524**	**86**	**(12)**	**(329)**	**5,269**
Of which:					
Gross value	5,524	86	(12)	(329)	5,269
Impairment	-	-	-	-	-

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

** Translation adjustments and other changes include primarily the transfer to assets held for sale of the goodwill of the Auxiliary components business (see Notes 1.3 and 3).

Goodwill impairment test

As of 31 March 2015, Alstom tested the value of goodwill allocated to Transport Sector applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount of the Transport Sector exceeded its carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use of the Transport Sector is determined as the discounted value of future cash flows by using cash flow projections for the next three years consistent with the Group's internal

business plan, the extrapolation of the two following years and the most recent forecasts prepared by the Sector.
The value in use is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the discount rate after tax, the long-term growth rate and the terminal value operating margin (corresponding to the ratio Income from Operations over Sales).

The main assumptions used to assess the recoverable amounts of goodwill are as follows:

	Transport
Net carrying amount of goodwill at 31 March 2015 (in € million)	688
Value elected as representative of the recoverable value	value in use
Number of years over which cash flow estimates are available	3 years
Extrapolation period of cash flow estimates	2 years
Long-term growth rate at 31 March 2015	**1.5%**
Long-term growth rate at 31 March 2014	1.5%
After tax discount rate at 31 March 2015 (*)	**8.5%**
After tax discount rate at 31 March 2014 (*)	8.5%

(*) The application of pre-tax discount rates to pre-tax cash flows leads to the same valuation of Cash Generating Units.

Sensitivity of the values in use to key assumptions can be presented as follows:

(in € million)	**Transport**	
	-25 bp	*+25 bp*
Operating margin (terminal value)	(134)	134
	-25 bp	*+25 bp*
After tax discount rate	123	(115)
	-10 bp	*+10 bp*
Long-term growth rate	(38)	39

As of 31 March 2015, the recoverable amount of the Transport sector exceeded its carrying value and the sensitivity of the values in use to key assumptions support the Group’s opinion that goodwill is not impaired.

11.2. Intangible assets

(in € million)	At 31 March 2014*	Additions / disposals / amortisation	Translation adjustments and other changes	Assets held for sale	At 31 March 2015
Development costs	2,211	298	10	(1,480)	1,039
Acquired technology	1,388	-	2	(1,390)	-
Other intangible assets	859	(1)	33	(723)	168
Gross value	**4,458**	**297**	**45**	**(3,593)**	**1,207**
Of which gross value attributable to discontinued operations	*3,330*	*232*	*31*	*(3,593)*	-
Development costs	(842)	(73)	(8)	261	(662)
Acquired technology	(928)	(21)	-	949	-
Other intangible assets	(635)	(6)	(19)	559	(101)
Amortisation and impairment	**(2,405)**	**(100)**	**(27)**	**1,769**	**(763)**
Of which amortisation and impairment attributable to discontinued operations	*(1,730)*	*(26)*	*(13)*	*1,769*	-
Development costs	1,369	225	2	(1,219)	377
Acquired technology	460	(21)	2	(441)	-
Other intangible assets	224	(7)	14	(164)	67
NET VALUE	**2,053**	**197**	**18**	**(1,824)**	**444**
Of which net value attributable to discontinued operations	*1,600*	*206*	*18*	*(1,824)*	-

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(in € million)	At 31 March 2013*	Additions / disposals / amortisation**	Translation adjustments and other changes	At 31 March 2014*
Development costs	1,900	270	41	2,211
Acquired technology	1,422	-	(34)	1,388
Other intangible assets	820	44	(5)	859
Gross value	**4,142**	**314**	**2**	**4,458**
Development costs	(724)	(117)	(1)	(842)
Acquired technology	(842)	(86)	-	(928)
Other intangible assets	(596)	(43)	4	(635)
Amortisation and impairment	**(2,162)**	**(246)**	**3**	**(2,405)**
Development costs	1,176	153	40	1,369
Acquired technology	580	(86)	(34)	460
Other intangible assets	224	1	(1)	224
NET VALUE	**1,980**	**68**	**5**	**2,053**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

** Amortization expenses of capitalized development costs include impairments of technology in the Transport and Renewable Power Sectors as of 31 March 2014.

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' intangible assets as "Assets held for sale" for an amount of € 1,824 million (see Note 4).

Note 12. Property, plant and equipment

(in € million)	At 31 March 2014*	Acquisitions/ amortisation / impairments	Disposals	Translation adjustments and other changes	Assets held for sale	At 31 March 2015
Land	181	-	(10)	(2)	(116)	53
Buildings	1,958	75	(28)	173	(1,549)	629
Machinery and equipment	2,966	151	(79)	146	(2,465)	719
Constructions in progress	326	173	(3)	(83)	(360)	53
Tools, furniture, fixtures and other	483	41	(38)	73	(326)	233
Gross value	**5,914**	**440**	**(158)**	**307**	**(4,816)**	**1,687**
Of which gross value attributable to discontinued operations	*4,339*	*347*	*(141)*	*271*	*(4,816)*	-
Land	(11)	(2)	2	1	2	(8)
Buildings	(741)	(51)	19	(31)	486	(318)
Machinery and equipment	(1,844)	(74)	74	(24)	1,342	(526)
Constructions in progress	-	-	-	(9)	-	(9)
Tools, furniture, fixtures and other	(350)	(18)	33	(35)	200	(170)
Amortisation and impairment	**(2,946)**	**(145)**	**128**	**(98)**	**2,030**	**(1,031)**
Of which amortisation and impairment attributable to discontinued operations	*(2,011)*	*(57)*	*113*	*(75)*	*2,030*	-
Land	170	(2)	(8)	(1)	(114)	45
Buildings	1,217	24	(9)	142	(1,063)	311
Machinery and equipment	1,122	77	(5)	122	(1,123)	193
Constructions in progress	326	173	(3)	(92)	(360)	44
Tools, furniture, fixtures and other	133	23	(5)	38	(126)	63
NET VALUE	**2,968**	**295**	**(30)**	**209**	**(2,786)**	**656**
Of which net value attributable to discontinued operations	*2,328*	*290*	*(28)*	*196*	*(2,786)*	-

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(in € million)	At 31 March 2013*	Acquisitions/ amortisation / impairments	Disposals	Translation adjustments and other changes**	At 31 March 2014*
Land	194	1	(4)	(10)	181
Buildings	1,922	147	(47)	(64)	1,958
Machinery and equipment	2,943	207	(87)	(97)	2,966
Constructions in progress	357	94	(1)	(124)	326
Tools, furniture, fixtures and other	495	28	(28)	(12)	483
Gross value	**5,911**	**477**	**(167)**	**(307)**	**5,914**
Land	(10)	(1)	-	-	(11)
Buildings	(734)	(85)	37	41	(741)
Machinery and equipment	(1,848)	(169)	79	94	(1,844)
Constructions in progress	(1)	(1)	-	2	-
Tools, furniture, fixtures and other	(336)	(37)	24	(1)	(350)
Amortisation and impairment	**(2,929)**	**(293)**	**140**	**136**	**(2,946)**
Land	184	-	(4)	(10)	170
Buildings	1,188	62	(10)	(23)	1,217
Machinery and equipment	1,095	38	(8)	(3)	1,122
Constructions in progress	356	93	(1)	(122)	326
Tools, furniture, fixtures and other	159	(9)	(4)	(13)	133
NET VALUE	**2,982**	**184**	**(27)**	**(171)**	**2,968**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

** € (171) million of which translation adjustments for an amount of € (143) million

The net value of tangible assets held under finance leases and included in the above data is as follows:

(en millions d'€)	At 31 March 2015	At 31 March 2014*
Land	13	13
Buildings	24	50
Machinery and equipment	-	1
Tools, furniture, fixtures and other	1	18
NET VALUE OF TANGIBLE ASSETS HELD UNDER FINANCE LEASES	**38**	**82**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Commitments to purchase fixed assets amount to € 124 million at 31 March 2015. They notably arise from investments to industrialize new products and enhance productivity in Poland (€24 million) and a new production facility in Taubate - Brazil (€20 million). Movements between 31 March 2015 and 2014 mainly arose from the classification of the Energy activities' Property Plant and Equipment as "Assets held for sale".

Note 13. Investments in Joint Ventures and Associates

Financial information

	Share in equity		Share of net income	
(in € million)	At 31 March 2015	At 31 March 2014*	For the year ended 31 March 2015	For the year ended 31 March 2014*
Associates	**243**	**429**	**(46)**	**53**
Joint ventures	**84**	**116**	**(18)**	**17**
TOTAL	**327**	**545**	**(64)**	**70**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

Movements during the period

(in € million)	At 31 March 2015	At 31 March 2014*
Opening balance	**545**	**666**
Share in net income of equity-accounted investments	20	71
Impairment (1)	(82)	(22)
Share in net income of equity-accounted investments	(62)	49
of which continued	*(64)*	*70*
of which discontinued	*2*	*(21)*
Dividends	(47)	(43)
Acquisitions	19	26
Changes in consolidation method (2)	-	(100)
Translation adjustments and other	(42)	(53)
Transfer to assets held for sale	(86)	-
Closing balance	**327**	**545**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) At 31 March 2015, impairment relates primarily to "The Breakers Investments BV". At 31 March 2014, impairment relates to SEC Alstom Shanghaï Lingang (Grid) for € (13) million and AWS Ocean Energy Limited (Renewable Power) for € (9) million, disposed of over the period.

(2) Of which BrightSource Energy investment which is accounted for as a non-consolidated investment as at 31 March 2014, given the limited effective influence and financial information available.

13.1. Investment in associates

(in € million)	% ownership	Share in equity At 31 March 2015	Share in equity At 31 March 2014*	Share of net income For the year ended 31 March 2015	Share of net income For the year ended 31 March 2014*
{RU=5930}+ The Breakers Investments B.V.	25%	208	372	(38)	66
Other		35	57	(8)	(13)
Associates		**243**	**429**	**(46)**	**53**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

a. Main associates

The Breakers Investments B.V.

On 27 May 2011, the Group acquired 25% stake (plus one share) in the company The Breakers Investments B.V. This company holds 100% of Transmashholding ("TMH"), the leading Russian railway equipment manufacturer that operates in Russia and in the other countries of the Commonwealth of Independent States (CIS).

The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of The Breakers Investments B.V. as of 31 December and are established in accordance with IFRS. These financial statements, established in Rubles, were converted to Euros based on the rates used by the Group as of 31 March.

Balance sheet

(in € million)	At 31 december 2014	At 31 december 2013
Non-current assets	937	1,127
Current assets	1,031	1,223
Total assets	**1,968**	**2,350**
Equity-attributable to the owners of the parent company	824	998
Equity-attributable to non-controlling interests	200	290
Non current liabilities	286	302
Current liabilities	658	760
Total equity and liabilities	**1,968**	**2,350**

Income statement

(in € million)	Year ended 31 december 2014	Year ended 31 december 2013
Sales	2,466	3,485
Net income from continuing operations	173	336
Share of non-controlling interests	(14)	(49)
Net income attributable to the owners of the parent company	**159**	**287**
Other comprehensive income	15	1
Total comprehensive income	**188**	**336**

The reconciliation of the summarized financial information of The Breakers Investments with the carrying value of the Group's interests can be broken down in the following way :

(in € million)	At 31 March 2015
Net asset of the Breakers Investments B.V at 31 december 2014	824
Income (loss) forecast for the latest quarter	(3)
Other variations	0
Net asset of the Breakers Investments B.V. at 31 March 2015	**821**
Equity interest held by the Group	25%
Goodwill	79
Impairment of share in net asset of equity investment	(70)
Other*	(6)
Carrying value of the Group's interests in The Breakers Investments B.V	**208**

* Correspond to fair value restatements calculated at the time of the acquisition.

Movements over the period mainly derive from the decrease of the RUB currency which associated with a revised business plan led the Group to the recognition of a € 70 million impairment loss, as at 31 March 2015.

(in € million)	At 31 March 2014
Net asset of the Breakers Investments B.V at 31 December 2013	998
Income (loss) forecast for the latest quarter	27
Other variations	1
Net asset of the Breakers Investments B.V. at 31 March 2014	**1,026**
Equity interest held by the Group	25%
Goodwill	121
Other*	(6)
Carrying value of the Group's interests in The Breakers Investments B.V	**372**

* Correspond to fair value restatements calculated at the time of the acquisition.

(in € million)	Year ended 31 March 2015
Net income of the Breakers Investments B.V for the year ended 31 December 2014	159
Income net adjustment due to the closing date difference	(27)
Net income of the Breakers Investments B.V for the year ended 31 March 2015	**133**
Equity interest held by the Group	25%
Impairment of share in net asset of equity investment	(70)
Other*	(1)
Group's share in the net income of The Breakers Investments B.V	**(38)**

* Correspond to the amortization of the amounts recognized at the time of allocation of the acquisition price.

(in € million)	Year ended 31 March 2014
Net income of the Breakers Investments B.V for the year ended 31 December 2013	287
Income net adjustment due to the closing date difference	(13)
Net income of the Breakers Investments B.V for the year ended 31 March 2014	**274**
Equity interest held by the Group	25%
Other*	(2)
Group's share in the net income of The Breakers Investments B.V	**66**

* Correspond to the amortization of the amounts recognized at the time of allocation of the acquisition price.

Dividends

(in € million)	At 31 March 2015	At 31 March 2014
Dividends received	**35**	**35**

b. Other associates

The Group's investment in other associates is not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents € 35 million as of 31 March 2015 (€ 57 million as of 31 March 2014).

The various components of these joint ventures' comprehensive income attributable to the Group are the following:

(in € million)	At 31 March 2015	At 31 March 2014*
Group share in net profit from continuing operations	(8)	(13)
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	**(8)**	**(13)**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

13.2. Investment in joint-ventures

		Share in equity		Share of net income	
(in € million)	% ownership	At 31 March 2015	At 31 March 2014*	For the year ended 31 March 2015	For the year ended 31 March 2014*
Casco	49%	70	52	16	16
Other		14	65	(34)	1
Joint ventures		**84**	**116**	**(18)**	**17**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

Group investment in others joint ventures is not significant on an individual basis. On aggregate, it corresponds to a net carrying value of € 84 million as of 31 March 2015 (€ 116 million as of 31 March 2014).

The various components of these joint ventures' comprehensive income attributable to the Group are the following:

(in € million)	At 31 March 2015	At 31 March 2014*
Group share in net profit from continuing operations	(18)	17
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	**(18)**	**17**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Note 14. Non-consolidated investments

	At 31 March 2015			At 31 March 2014*
(in € million)	Gross value	Impairment / Fair Value Change	Net	Net
BrightSource Energy	-	-	-	83
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd	-	-	-	20
Other (1)	41	(5)	36	57
TOTAL	**41**	**(5)**	**36**	**160**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) Other investments represent an aggregate net carrying value of € 36 million as of 31 March 2015 (€ 57 million as of 31 March 2014). This net carrying value is an accurate representation of the fair value.

Both BrightSource Energy and SEC Alstom Transformers Co. Ltd are part of the Energy business and as such classified as assets held for sale, as at 31 March 2015.

Movements during the period

(in € million)	At 31 March 2015	At 31 March 2014*
Opening balance	160	101
Change in fair value (1)	(1)	(15)
Acquisitions	4	7
Changes in consolidation method (2)	-	73
Translation adjustments and other	(9)	(6)
Transfer to assets held for sale (2)	(118)	-
CLOSING BALANCE	36	160

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS

(1) Variation recorded in other comprehensive income as fair value gains / (losses) on assets available for sale.

(2) Of which BrightSource Energy Investment.

The Group's equity investment in other investments is not significant on an individual basis and mainly pertains to investments in companies that hold PPPs (public-private partnerships) agreements or have entered into concession agreements, typically for an ownership lower than 20%.

Note 15. Other non-current assets

(in € million)	At 31 March 2015	At 31 March 2014*
Financial non-current assets associated to financial debt (1)	383	364
Long-term loans, deposits and other	90	146
OTHER NON-CURRENT ASSETS	**473**	**510**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Notes 26 and 30.1). They are made up as follows:

- at 31 March 2015, €365 million receivables and €18 million deposit;
- at 31 March 2014, €349 million receivables and €15 million deposit.

Note 16. Inventories

(in € million)	At 31 March 2015	At 31 March 2014*
Raw materials and supplies	549	1,015
Work in progress	243	1,950
Finished products	138	319
Inventories, gross	**930**	**3,284**
Raw materials and supplies	(70)	(150)
Work in progress	(18)	(124)
Finished products	(21)	(38)
Write-down	**(109)**	**(312)**
INVENTORIES, NET	**821**	**2,972**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' inventories as "Assets held for sale" for an amount of € 2,352 million (see Note 4).

Note 17. Construction contracts in progress

(in € million)	At 31 March 2015	At 31 March 2014*	Variation
Construction contracts in progress, assets	2,554	3,951	(1,397)
Construction contracts in progress, liabilities	(3,455)	(8,426)	4,971
CONSTRUCTION CONTRACTS IN PROGRESS	**(901)**	**(4,475)**	**3,574**

(in € million)	At 31 March 2015	At 31 March 2014*	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	29,584	60,881	(31,297)
Less progress billings	(28,506)	(62,043)	33,537
Construction contracts in progress excluding down payments received from customers	**1,078**	**(1,162)**	**2,240**
Down payments received from customers	(1,979)	(3,313)	1,334
CONSTRUCTION CONTRACTS IN PROGRESS	**(901)**	**(4,475)**	**3,574**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' construction contracts in progress including down payments as "Assets held for sale" for a net amount of € 3,968 million (see Note 4).

Note 18. Trade receivables

			Past due on the closing date		
(in € million)	**Total**	**No past due on the closing date**	**Less than 60 days**	**Between 60 and 180 days**	**More than 180 days**
At 31 March 2015	**1,470**	**1,065**	**138**	**43**	**224**
. o/w gross	1,480	1,070	138	43	229
. o/w impairment	(10)	(5)	-	-	(5)
At 31 March 2014*	**4,450**	**3,521**	**316**	**196**	**417**
. o/w gross	4,569	3,562	323	196	488
. o/w impairment	(119)	(42)	(7)	-	(70)

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' trade receivables as "Assets held for sale" for a net amount of € 3,172 million (see Note 4).

Impairment losses are determined considering the risk of non-recovery assessed on a case by case basis. Due to the type of business operated by the Group, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is subject to clearance of items raised during inspection of works. Such receivables do remain fully recoverable; costs to be incurred for the clearance of pending items are included in the determination of the margin at completion of the related contracts.

Note 19. Other current operating assets

(in € million)	**At 31 March 2015**	**At 31 March 2014***
Down payments made to suppliers	118	517
Corporate income tax	117	216
Other taxes	248	866
Prepaid expenses	54	238
Other receivables	145	373
Derivatives relating to operating activities	782	397
Remeasurement of hedged firm commitments in foreign currency	493	526
OTHER CURRENT OPERATING ASSETS	**1,957**	**3,133**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Derivatives relating to operating activities centralized by Alstom Holdings, including those affected to hedge operating foreign currency exposures of the Energy activities, are not classified as held for sale. However, re-measurement of hedged firm commitments in foreign currency related to Energy activities are classified as held for sale (under the line items "other current operating assets" and "other current operating liabilities" in the balance-sheet of the Energy activities disclosed in Note 4).

Note 20. Marketable securities and other current financial assets

(in € million)	At 31 March 2015	At 31 March 2014*
Derivatives related to financing activities	61	26
Marketable securities	-	-
MARKETABLE SECURITIES AND OTHER CURRENT FINANCIAL ASSETS	**61**	**26**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Note 21. Working capital

21.1. Balance sheet positions

(in € million)	At 31 March 2015	At 31 March 2014*
Inventories	821	2,972
Construction contracts in progress, assets	2,554	3,951
Trade receivables	1,470	4,450
Other current operating assets	1,957	3,133
ASSETS	**6,802**	**14,506**
Non-current provisions	283	710
Current provisions	1,031	1,191
Construction contracts in progress, liabilities	3,455	8,426
Trade payables	917	3,819
Other current operating liabilities	2,492	3,593
LIABILITIES	**8,178**	**17,739**
WORKING CAPITAL	**(1,376)**	**(3,233)**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

21.2. Analysis of variation in working capital

(in € million)	Year ended 31 March 2015
Working capital at the beginning of the period	**(3,233)**
Changes in working capital resulting from operating activities (1)	(726)
Changes in working capital resulting from investing activities	63
Translation adjustments and other changes	(408)
Transfer to assets held for sale	2,928
Total changes in working capital	**1,857**
WORKING CAPITAL AT THE END OF THE PERIOD	**(1,376)**

(1) Of which € (722) million related to the agreement with the US Department of Justice

On the period, the variation in working capital resulting from operating activities from continuing operations amounts to € (673) million.

Note 22. Equity

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimise the structure of the capital in order to reduce its cost. To achieve this, the Group may choose to:

- adjust the amount of dividends paid to the shareholders;
- reimburse a portion of capital to the shareholders;
- issue new shares; or,
- sell assets in order to scale back its debt.

22.1. Movements in share capital

Movements in financial year ended 31 March 2015

At 31 March 2015, the share capital of Alstom amounted to €2,168,547,479 consisting of 309,792,497 ordinary shares with a par value of €7 each. For the year ended 31 March 2015, the weighted average number of outstanding ordinary shares amounted to 309,364,543 after the dilutive effect of bonds reimbursable in shares “Obligations Remboursables en Actions” and to 311, 113, 878 after the effect of all dilutive instruments.

During the year ended 31 March 2015:

- 1,408 bonds reimbursable in shares “Obligations Remboursables en Actions” were converted into 89 shares at a par value of €7. The 78,242 bonds reimbursable with shares outstanding at 31 March 2015 represent 4,913 shares to be issued ;
- 1,090,262 of ordinary shares were issued under long term incentive plans.

Movements in financial year ended 31 March 2014

At 31 March 2014, the share capital of ALSTOM amounted to €2,160,915,022 consisting of 308,702,146 ordinary shares with a par value of €7 each. For the year ended 31 March 2014, the weighted average number of outstanding ordinary shares amounted to 308,559,756 after the dilutive effect of bonds reimbursable in shares “Obligations Remboursables en Actions” and to 311,621,371 after the effect of all dilutive instruments.

During the year ended 31 March 2014:

- 1,616 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 101 shares at a par value of €7. The 79,650 bonds reimbursable with shares outstanding at 31 March 2014 represent 5,002 shares to be issued ;
- 543,919 of ordinary shares were issued under long term incentive plans.

22.2. Distribution of dividends

No dividend distribution will be proposed at the next Annual General.

The following dividends were distributed in respect of the previous three financial years:

- year ended 31 March 2014 (decision of Shareholders' Meeting held on 1 July 2014): no dividend distributed;
- year ended 31 March 2013 (decision of Shareholders' Meeting held on 2 July 2013): total amount of €259 million, corresponding to a €0.84 dividend per share;
- year ended 31 March 2012 (decision of Shareholders' Meeting held on 26 June 2012): total amount of €236 million, corresponding to a €0.80 dividend per share.

22.3. Currency translation adjustment

The currency translation adjustment, presented within the consolidated statement of comprehensive income, primarily reflects the variation of the US Dollar (€185 million), Chinese Yuan (€148 million), Indian Rupee (€81 million), Brazilian Real (€(44) million), and Russian Federation Rouble (€(104) million) against the euro for the year ended 31 March 2015.

In relation with the disposal of the auxiliary component business, € (16) million of currency translation adjustment were reclassified in the income statement.

Note 23. Share-based payments

23.1. Stock options and performance shares

Key characteristics

	Plans issued by Shareholders Meeting on 9 July 2004			Plans issued by Shareholders Meeting on 26 June 2007					
	Plan n°7	Plan n°8	Plan n°9	Plan n°10	Plan n°10	Plan n°11	Plan n°11	Plan n°12	Plan n°12
	stock options	stock options	stock options	stock options	performance shares	stock options	performance shares	stock options	performance shares
Grant date	17/09/2004	27/09/2005	28/09/2006	25/09/2007	25/09/2007	23/09/2008	23/09/2008	21/09/2009	21/09/2009
Exercise period	17/09/2007	27/09/2008	28/09/2009	25/09/2010		23/09/2011		21/09/2012	
	16/09/2014	26/09/2015	27/09/2016	24/09/2017	n/a	22/09/2018	n/a	20/09/2017	n/a
Number of beneficiaries	1,007	1,030	1,053	1,196	1,289	411	1,431	436	1,360
Adjusted number granted (1)	5,566,000	2,803,000	3,367,500	1,697,200	252,000	754,300	445,655	871,350	522,220
Adjusted number exercised since the origin	5,048,533	2,087,456	526,967	1,000	220,320	-	-	-	182,432
Adjusted number cancelled since the origin	517,467	263,800	438,750	265,500	31,680	754,300	445,655	561,150	339,788
Ajusted number outstanding at 31 March 2015	-	451,744	2,401,783	1,430,700	-	-	-	310,200	-
inc. to the present members of the Executive Committee	-	-	335,000	178,600	-	-	-	53,000	-
Adjusted exercise price (2) (in €)	8.60	17.88	37.33	67.50	n/a	66.47	n/a	49.98	n/a
Fair value at grant date (in €)	7.30	10.30	12.90	29.24	129.20	16.71	63.54	11.26	48.11

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.
(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge).

	Plans issued by Shareholders Meeting on 22 June 2010							
	Plan n°13	Plan n°13	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16
	stock options	performance shares	stock options	performance shares	stock options	performance shares	stock options	performance shares
Grant date	13/12/2010	13/12/2010	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Exercise period	13/12/2013		04/10/2014		10/12/2015		03/10/2016	
	12/12/2018	n/a	03/10/2019	n/a	09/12/2020	n/a	30/09/2021	n/a
Number of beneficiaries	528	1,716	514	1,832	538	1,763	292	1,814
Adjusted number granted (1)	1,235,120	740,860	1,369,180	804,040	1,312,690	781,540	671,700	1,000,700
Adjusted number exercised since the origin	0	506,330	9,429	229,950	0		0	0
Adjusted number cancelled since the origin	387,970	234,530	539,645	318,359	715,985	424,730	16,300	53,100
Ajusted number outstanding at 31 March 2015	847,150	0	820,106	255,731	596,705	356,810	655,400	947,600
inc. to the present members of the Executive Committee	65,992	0	247,338	0	159,170	19,550	248,500	98,500
Adjusted exercise price (2) (in €)	33.14	n/a	26.39	n/a	27.70	n/a	26.94	n/a
Fair value at grant date (in €)	7.59	31.35	3.14	19.77	5.80	26.70	3.84	22.62

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.
(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

At 31 March 2015, stock options granted by plans 7, 8, 9, 10, 11, 12, 13 and 14 are fully vested. For plans 8, 9 and 10, options will expire seven years after the end of the vesting period of each plan. For plans 12, 13, 14, 15 and 16, options will expire five years after the end of the vesting period.

The long term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares.
The grant of these instruments is conditioned by the satisfaction of the performance indicators.

<u>LTI plan 15 granted on 10 December 2012:</u>
The total number of options exercisable and performance shares to be delivered depends on the Group's operating margin and the free cash flow for the fiscal years ended 31 March 2013, 31 March 2014 and 31 March 2015:

Year ended 31 March 2013		Year ended 31 March 2014		Year ended 31 March 2015	
	% of Conditional Options exercisable & performance shares to be delivered		% of Conditional Options exercisable & performance shares to be delivered		% of Conditional Options exercisable & performance shares to be delivered
FCF ≥ 0 and OM ≥ 7.4 %	40%	FCF ≥ 0 and OM ≥ 7.6 %	40%	FCF ≥ 0 and OM ≥ 8 %	20%
FCF ≥ 0 and 7.2 % ≤ OM < 7.4 %	30%	FCF ≥ 0 and 7.3 % ≤ OM < 7.6 %	30%	FCF ≥ 0 and 7.5 % ≤ OM < 8 %	10%
FCF ≥ 0 and 7 % ≤ OM < 7.2 %	10%	FCF ≥ 0 and 7 % ≤ OM < 7.3 %	10%	FCF < 0 or OM < 7.5 %	-
FCF < 0 or OM < 7 %	-	FCF < 0 or OM < 7 %	-	-	-

FCF means Free Cash Flow and OM means Operating Margin.
Free cash flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, free cash flow does not include the proceeds from disposals of activity.

Based on consolidated financial statements for the fiscal years ended 31 March 2013 and 31 March 2014, the performance condition is achieved for 30% of an allotment of LTIP15 options and performance shares.
Moreover, in the context of the sale of the Energy activities the Board of Directors has considered that the performance condition set for fiscal year ended 31 March 2015, weighing 20% of the global award, will be deemed fully satisfied subject to and upon the completion of the transaction. As a result, 50% of the options will be exercisable under this plan and 50% of performance shares will be delivered.
50% of options and performance shares are cancelled.

<u>LTI plan 16 granted on 1 October 2013:</u>

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 will be deemed fully satisfied subject to and upon the completion of the transaction.

As a consequence, all options will be exercisable under this plan and all performance shares will be delivered.

In addition, for both plans 15 & 16, the presence condition will be waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction.

Movements

	Number of options	Weighted average exercise price	Number of performance shares
Outstanding at 31 March 2013	**8,743,578**	**36.58**	**2,124,847**
Granted	671,700	26.94	1,000,700
Exercised	(122,912)	11.61	(340,344)
Cancelled	(442,434)	29.58	(279,007)
Outstanding at 31 March 2014	**8,849,932**	**36.49**	**2,506,196**
Granted	-	-	-
Exercised	(481,126)	13.06	(495,050)
Cancelled	(855,018)	27.23	(451,005)
Outstanding at 31 March 2015	**7,513,788**	**39.06**	**1,560,141**
of which exercisable	6,261,683		N/A

Valuation

	Plan n°11 stock options	Plan n°11 performance shares	Plan n°12 stock options	Plan n°12 performance shares	Plan n°13 stock options	Plan n°13 performance shares	Plan n°14 stock options	Plan n°14 performance shares	Plan n°15 stock options	Plan n°15 performance shares	Plan n°16 stock options	Plan n°16 performance shares
Grant date	23/09/2008	23/09/2008	21/09/2009	21/09/2009	13/12/2010	13/12/2010	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Expected life (in years)	3.5	2.5 or 4.0	3.5	2.5 or 4.0	3.5	2.5 or 4.0	4.0	2.5 or 4.0	4.0	2.5 or 4.0	3.0	4.0
End of vesting period	22/09/2011	31/05/2011 or 22/09/2012	20/09/2012	31/05/2012 or 20/09/2013	12/12/2013	31/05/2013 or 12/12/2014	03/10/2014	31/05/2014 or 03/10/2015	09/12/2015	31/05/2015 or 09/12/2016	30/09/2016	30/09/2017
Adjusted exercise price (*) (in €)	66.47	n/a	49.98	n/a	33.14	n/a	26.39	n/a	27.70	n/a	26.94	n/a
Share price at grant date (in €)	65.10	65.10	50.35	50.35	35.40	35.40	23.82	23.82	29.77	29.77	26.33	26.33
Volatility	30%	n/a	30%	n/a	31%	n/a	31%	n/a	30%	n/a	28%	n/a
Risk free interest rate	4.1%	4.4%	2.0%	2.3%	1.8%	2.0%	1.5%	1.5%	0.5%	0.5%	0.9%	0.9%
Dividend yield	1.3%	1.3%	1.3%	1.3%	3.1%	3.1%	5.0%	5.0%	3.4%	3.4%	3.8%	3.8%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day of which the options were granted by the Board (no discount or surcharge).

The option valuation method follows a binomial mathematical model for plan 11 and a Black & Scholes model for plans 12, 13, 14, 15 and 16 with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is an average of CAC40 comparable companies' volatility at the grant date.
The Group booked a total expense of €26 million for the year ended 31 March 2015 and €11 million for the year ended 31 March 2014, out of which €20.5 million in discontinued operations for the year ended 31 March 2015 and €7.0 million for the year ended 31 March 2014.

23.2. Stock appreciation rights ("SARs")

Key characteristics

	SARs n°7	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Vesting date	17/09/2007	27/09/2008	27/09/2008	28/09/2009	25/09/2010
Expiry date	16/09/2014	18/11/2015	26/09/2015	28/09/2016	24/09/2017
Number of beneficiaries	114	120	120	134	134
Adjusted number granted (2)	478,000	234,000	232,000	341,250	59,700
Adjusted number exercised since the origin	408,948	145,900	195,000	176,250	5,600
Adjusted number cancelled since the origin	69,052	43,100	37,000	65,625	7,500
Ajusted number outstanding at 31 March 2015	-	45,000	-	99,375	46,600
Adjusted exercise price (3) (in €)	8.60	22.45	17.88	36.05	73.42

(1) Notional SARs have been granted at an exercise price of €17.88 and are capped at €22.45

(2) The number of SARs and their exercise prices have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates

(3) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

Movements

	Number of SARs	Weighted average exercise price per share in €
Outstanding at 31 March 2013	**222,775**	**41.04**
Granted	-	-
Exercised	(4,500)	28.11
Cancelled	-	-
Outstanding at 31 March 2014	**218,275**	**41.31**
Granted	-	-
Exercised	(11,500)	26.88
Cancelled	(15,800)	43.86
Outstanding at 31 March 2015	**190,975**	**41.96**
of which exercisable	190,975	

Valuation

	SARs n°7	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Expected life (in years)	4	4	4	4	4
End of vesting period	17/09/2007	27/09/2008	27/09/2008	28/09/2009	24/09/2010
Adjusted exercise price (2) (in €)	8.60	22.45	17.88	36.05	73.42
Share price at 31 March 2015 (in €)	28.96	28.96	28.96	28.96	28.96
Share price at 31 March 2014 (in €)	19.82	19.82	19.82	19.82	19.82
Volatility	17.92%	17.92%	17.92%	17.92%	17.92%
Risk free interest rate	0.23%	0.23%	0.23%	0.23%	0.23%
Dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%

(1) SARs of the Notional plan have been granted at an exercise price of €17.88 and are capped at €22.45

(2) The number of SARs and their exercise prices has been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

The value of SARs plans is measured at the grant date using a Black & Scholes option valuation model taking into account the terms and conditions according to which the instruments were granted. Until the liability is settled, it is measured at each reporting date with changes in fair value recognized in profit and loss.

The Group booked a €0.2 million income for the year ended 31 March 2015, and a €1 million income for the year ended 31 March 2014.

Note 24. Provisions

(in € million)	At 31 March 2014*	Additions	Releases	Applications	Translation adjustments and other	Provisions related to assets held for sale	At 31 March 2015
Warranties	663	223	(198)	(177)	19	(430)	100
Litigations, claims and others	528	937	(160)	(106)	(4)	(264)	931
Current provisions	**1,191**	**1,160**	**(358)**	**(283)**	**16**	**(695)**	**1,031**
Of which current provisions attributable to discontinued operations	*847*	*311*	*(291)*	*(193)*	*21*	*(695)*	-
Tax risks & litigations	201	74	(42)	(10)	2	(119)	106
Restructuring	162	122	(9)	(74)	1	(155)	47
Other non-current provisions	347	148	(41)	(150)	44	(218)	130
Non-current provisions	**710**	**344**	**(92)**	**(234)**	**46**	**(491)**	**283**
Of which non-current provisions attributable to discontinued operations	*512*	*227*	*(67)*	*(196)*	*15*	*(491)*	-
TOTAL PROVISIONS	**1,901**	**1,504**	**(450)**	**(517)**	**62**	**(1,186)**	**1,314**
Of which provisions attributable to discontinued operations	*1,359*	*538*	*(358)*	*(389)*	*36*	*(1,186)*	-

* Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11

(in € million)	At 31 March 2013*	Additions	Releases	Applications	Translation adjustments and other	At 31 March 2014*
Warranties	767	286	(179)	(216)	5	663
Litigations, claims and others	542	237	(132)	(112)	(7)	528
Current provisions	**1,309**	**523**	**(311)**	**(328)**	**(2)**	**1,191**
Tax risks & litigations	180	53	(33)	(5)	6	201
Restructuring	182	88	(25)	(81)	(2)	162
Other non-current provisions	318	174	(64)	(63)	(18)	347
Non-current provisions	**680**	**315**	**(122)**	**(149)**	**(14)**	**710**
TOTAL PROVISIONS	**1,989**	**838**	**(433)**	**(477)**	**(16)**	**1,901**

* Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities’ provisions as “Liabilities related to assets held for sale” for an amount of €1,186 million (see Note 4) and the agreement reached with the US Department of Justice resulting in a fine of €722 million booked as current provision in continued activities as stipulated in the Note 1.2.

Provisions for warranties relate to estimated costs to be incurred over the residual contractual warranty period on completed contracts.

Provisions for litigations, claims and others relate to operating risks that are not directly linked to contracts in progress.

In relation to tax risks, the Group tax filings are subject to audit by tax authorities in most jurisdictions in which the Group operates. These audits may result in assessment of additional taxes that are subsequently resolved with the authorities or potentially through the courts. The Group believes that it has strong arguments against the questions being raised, that it will pursue all legal remedies to avoid an unfavourable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts.

Restructuring provisions derive from the adaptation of the Transport's footprint (see also Note 7). Other non-current provisions mainly relate to guarantees delivered in connection with disposals, employee litigations, commercial disputes and environmental obligations.

Note 25. Post-employment and other long-term defined employee benefits

In addition to mandatory social insurance plans, the Group has introduced several benefit plans. The defined benefit obligation amounting to €952 million as of 31 March 2015 (see Note 25.2) is analysed as follows:

- several pension plans for €776 million;
- other post-employment benefits for €145 million which include end-of-service benefits in France and Italy; and
- other long-term defined benefits for €31 million which mainly correspond to jubilees in France and Germany.

Net provisions for post-employment benefits total €453 million, as of March 31, 2015 compared with €1,503 million, as of March 31, 2014. This amount includes in particular provisions of € 1,761 million reclassified in the consolidated balance sheet in liabilities directly associated with assets held for sale.

25.1. Description of the plans

Post-employment benefits are paid under defined contribution and defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the funding vehicle. The payments are recognised when incurred in the income statement.

Defined benefit plans are mainly in the United Kingdom, Switzerland, Germany and in the United States of America.

The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the country where the employees are located. For most plans, the split of defined benefit obligations between continuing and discontinued activities is based on the proportion of beneficiaries which belong to the current Thermal Power, Renewable Power and Grid activities out of the total population.

In the United Kingdom, there are three defined benefit pension plans covering different populations.

The largest plan, which accounts for 89% of the defined benefit obligations in the country, is part of the discontinued activities. It provides an indexed pension annuity based on the employee's final pensionable earnings, as well as benefits payable upon death and serious ill-health. This plan was closed to new members in 2006. In accordance with British regulation, the company and the Trustee Board of the scheme perform an actuarial valuation every three years, and agree on a recovery plan to correct any deficit arising. The current agreement was signed in April 2012, and the company paid £ 36 million of recovery contributions over the year ended 31 March 2015. The next valuation has been initiated as of April 6 2015.

The two other plans are part of the continuing activities. They also provide a pension in the form of an indexed annuity and were closed to new members as of 1 July 2013. New hires are ordinarily offered the opportunity to participate in a defined contribution group pension plan ("GPP"), a group life insurance plan and an income replacement scheme.

In Switzerland, the pension plans concern mainly people of discontinued activities. They allow members to accumulate retirement funds with interests in a dedicated account during their employment life. The account value is converted into a pension, in the form of an annuity or a lump sum payment, at retirement. The plans also include benefits payable upon death and disability.

In Germany, the plans cover both populations of continuing and discontinued activities. They provide coverage for pension, death and disability. In the past, the pension was accrued in the form of an annuity. The plans were deeply modified for future accruals in 2003 for the employees of the Grid Sector, in 2009 for the employees of the Thermal and Renewable Sectors and in 2010 for the employees of the Transport Sector to remove most defined benefit pension risks. The plans now continue to be accounted for as defined benefit plans under IAS19R but with much lower risks for the company. With respect to employee contributions, there are remitted into defined contributions plans.

In the United States of America, Alstom sponsors four qualified defined benefit pension plans and two post-retirement medical plans. Two of the qualified pension plans, namely a cash balance plan and a final average earnings plan, which represent 65% of the defined benefit obligations in the country, were closed to all service accruals in 2010. Employees now participate in a defined contribution 401(k) plan. The employer subsidies toward post-retirement medical plans were removed to new hires in 2002 and 2003 with the exception of a small number of unionized employees. All plans are part of discontinued activities except a pension plan and a post-employment medical plan whose beneficiaries belong to the Transport sector.

In France and Italy, defined benefit pension plans are mainly end-of-service benefits provided for under the terms of collective bargaining agreements and Group agreements.

In some countries, these commitments are covered in whole or in part by insurance contracts or pension funds. In this case, the commitments and assets are measured independently.

The fair value of plan assets is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit method, in order to calculate the unfunded obligation to be covered by a provision, or the overfunded right to be recognized as an asset under specific requirements.

In the following tables, the "Other" zone represents mainly the United States of America.

25.2. Defined benefit obligations

(in € million)	At 31 March 2015	United Kingdom	Switzerland	Euro Zone	Other
Defined benefit obligations at beginning of year	**(5,974)**	**(2,505)**	**(1,518)**	**(1,140)**	**(811)**
Service cost	(116)	(14)	(56)	(29)	(17)
Plan participant contributions	(42)	(3)	(38)	-	(1)
Interest cost	(238)	(123)	(38)	(37)	(40)
Plan amendments	(26)	-	9	(8)	(27)
Business combinations / disposals	52	-	-	17	35
Curtailments	3	-	-	-	3
Settlements	4	-	-	-	4
Actuarial gains (losses) - due to experience	24	8	4	14	(2)
Actuarial gains (losses) - due to changes in assumptions	(1,038)	(504)	(257)	(211)	(66)
Benefits paid	359	132	80	71	76
DBO related to assets held for sale	6,871	3,009	2,060	892	910
Foreign currency translation and others	(831)	(388)	(279)	-	(164)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(952)**	**(388)**	**(33)**	**(431)**	**(100)**
Of which:					
Funded schemes	(643)	(388)	(33)	(155)	(67)
Unfunded schemes	(309)	-	-	(276)	(33)

(in € million)	At 31 March 2014*	United Kingdom	Switzerland	Euro Zone	Other
Defined benefit obligations at beginning of year	**(6,039)**	**(2,481)**	**(1,497)**	**(1,128)**	**(933)**
Service cost	(99)	(13)	(44)	(25)	(17)
Plan participant contributions	(39)	(3)	(35)	-	(1)
Interest cost	(222)	(113)	(36)	(37)	(36)
Plan amendments	6	-	11	(4)	(1)
Business combinations / disposals	-	-	-	-	-
Curtailments	2	-	-	1	1
Settlements	-	-	-	-	-
Actuarial gains (losses) - due to experience	(4)	(2)	31	(21)	(12)
Actuarial gains (losses) - due to changes in assumptions	82	37	(2)	3	44
Benefits paid	308	121	55	71	61
DBO related to assets held for sale		-	-	-	-
Foreign currency translation and others	31	(51)	(1)	-	83
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(5,974)**	**(2,505)**	**(1,518)**	**(1,140)**	**(811)**
Of which:					
Funded schemes	(5,171)	(2,505)	(1,505)	(545)	(616)
Unfunded schemes	(803)	-	(13)	(595)	(195)

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

25.3. Plan assets

As indicated in Note 25.1, for defined benefit plans, plan assets have been progressively built up by contributions from the employer and the employees, primarily in the United Kingdom, Switzerland, the United States of America and Germany.

(in € million)	At 31 March 2015	United Kingdom	Switzerland	Euro Zone	Other
Fair value of plan assets at beginning of year	**4,522**	**2,125**	**1,556**	**324**	**517**
Interest income	173	102	36	10	25
Actuarial gains (losses) on assets due to experience	360	170	116	44	30
Company contributions	138	61	59	3	15
Plan participant contributions	42	3	38	-	1
Business combinations /disposals	(24)	-	-	-	(24)
Settlements	(4)	-	-	-	(4)
Benefits paid from plan assets	(302)	(130)	(78)	(30)	(64)
Fair value of plan assets held for sale	(5,110)	(2,287)	(1,975)	(279)	(569)
Foreign currency translation and others	705	311	279	-	115
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**500**	**355**	**31**	**72**	**42**

(in € million)	At 31 March 2014*	United Kingdom	Switzerland	Euro Zone	Other
Fair value of plan assets at beginning of year	**4,382**	**2,038**	**1,454**	**329**	**561**
Interest income	153	90	33	11	19
Actuarial gains (losses) on assets due to experience	73	13	31	13	16
Company contributions	136	56	56	1	23
Plan participant contributions	39	3	35	-	1
Business combinations /disposals	-	-	-	-	-
Settlements	-	-	-	-	-
Benefits paid from plan assets	(253)	(119)	(54)	(30)	(50)
Fair value of plan assets held for sale	-	-	-	-	-
Foreign currency translation and others	(8)	44	1	-	(53)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**4,522**	**2,125**	**1,556**	**324**	**517**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

25.4. Reconciliation of funded status of the plans with assets and liabilities recognised in the balance sheet

(in € million)	**At 31 March 2015**	**At 31 March 2014***
Defined benefit obligations	(952)	(5,974)
Fair value of plan assets	500	4,522
Funded status of the plans	**(452)**	**(1,452)**
Impact of asset ceiling	(1)	(51)
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	**(453)**	**(1,503)**
Of which:		
Accrued pension and other employee benefit costs	(461)	(1,525)
Prepaid pension and other employee benefit costs	8	22

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Movements over the period ended 31 March 2015 mainly arose from the classification of the Energy activities' net accrued benefits as "Liabilities related to assets held for sale" (see Note 4).

The net asset of €8 million mainly related to a pension scheme in the United Kingdom is supported by appropriate refund expectations, as requested by IFRIC 14.

25.5. Components of plan assets

(in € million)	**At 31 March 2015**	**%**	**United Kingdom**	**Switzerland**	**Euro Zone**	**Other**
Equities	220	**44.0%**	44%	31%	34%	38%
Bonds	238	**47.6%**	48%	51%	62%	53%
Properties	23	**4.6%**	5%	13%	-	6%
Other	19	**3.8%**	3%	5%	4%	3%
TOTAL	**500**	**100%**	**100%**	**100%**	**100%**	**100%**

For the whole Group, plan assets amount to € 5,610 million as at 31 March 2015 and are mainly composed of Equities (€ 1,995 million, 36%) and Bonds (€ 2,916 million, 52%).

(in € million)	**At 31 March 2014***	**%**	**United Kingdom**	**Switzerland**	**Euro Zone**	**Other**
Equities	1,643	36.0%	38%	33%	34%	39%
Bonds	2,399	53.0%	52%	51%	64%	58%
Properties	386	9.0%	8%	14%	-	2%
Other	94	2.0%	2%	2%	2%	1%
TOTAL	**4,522**	**100%**	**100%**	**100%**	**100%**	**100%**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

An active market price exists for all plan assets except properties.

Assets of each funded plan are managed by a dedicated investment committee in accordance with the scheme rules and local regulation.
The Group has representatives on these committees and promotes simple and diversified investment strategies. The aim is to limit investment risks to those necessary to fulfil the benefit

commitment (asset and liability management). As a result, strategic allocation favours liquid assets and especially long bonds.

At 31 March 2015, plan assets do not include securities issued by the Group.

25.6. Assumptions (weighted average rates)

Actuarial valuations of the Group's benefit obligation have been made as of 31 March 2015 and 31 March 2014. These valuations include:

- Assumptions on staff turnover, mortality and salary increases;
- Assumptions on retirement ages varying from 60 to 65 depending on the country and the applicable laws;
- Discount rates used to determine the actuarial present value of the projected benefit obligations.

Actuarial assumptions used vary by type of plan and by country.

(in %)	At 31 March 2015 (1)	United Kingdom	Switzerland	Euro Zone	Other
Discount rate	2.80	3.50	1.15	1.86	3.78
Rate of compensation increase	3.17	3.80	1.49	2.71	2.44

(1) Assumptions relate to continuing activities (discount rate for the whole Group is 2.68%; rate of compensation increase for the whole Group is 2.91%).

(in %)	At 31 March 2014(1)	United Kingdom	Switzerland	Euro Zone	Other
Discount rate	3.73	4.60	2.25	3.24	4.59
Rate of compensation increase	2.91	3.80	1.49	2.70	3.45

(1) Assumptions relate to the whole Group.

As of 31 March 2015, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2015 (1)	United Kingdom	Switzerland	Euro Zone	Other
Weighted average duration	15	16	23	13	18

(1) Assumptions relate to continuing activities (weighted average duration for the whole Group is 16 years)

Discount rate

In accordance with IAS 19R principles, discount rates are set each year by reference to the market yields on high quality corporate bonds denominated in the relevant currency. In countries where there is no deep market in such bonds, discount rates are set by reference to the yields on government bonds. The required information is sourced from the company's actuarial advisors and from market quotations and indices.

Rate of compensation increase

Compensation increase assumptions are determined at country level and reviewed centrally.

Assumptions related to the post-employment healthcare obligation

The healthcare trend rate is assumed to be 6.58% in the year ended 31 March 2015 and reduces thereafter to an ultimate rate of 5.49% from 2022 onwards.

Sensitivity analysis

A 25 bp increase or decrease in the main assumptions would have the following impacts on the defined benefit obligation:

(in € million)	At 31 March 2015
Impact of a 25bp increase or decrease in the discount rate	(33.0)/+34.0
Impact of a 25bp increase or decrease in the rate of compensation increase	+8.0/(7.9)

25.7. Analysis of post-employment and other long-term defined benefit expense

As at 31 March 2015, the benefit expense for the whole Group is the following:

(in € million)	Year ended 31 March 2015	Activités poursuivies (1)	Activités non poursuivies	Year ended 31 March 2014 (3)
Service cost	(116)	(17)	(99)	(99)
Defined contribution plans (2)	(232)	(91)	(141)	(205)
Income from operations	**(348)**	**(108)**	**(240)**	**(304)**
Actuarial gains/(losses) on other long-term benefits	(8)	(1)	(7)	(6)
Past service gain (cost)	(26)	(16)	(10)	6
Curtailments/settlements	3	-	3	2
Other income (expense)	**(31)**	**(17)**	**(14)**	**2**
Financial income (expense)	**(65)**	**(14)**	**(51)**	**(69)**
TOTAL BENEFIT EXPENSE	**(444)**	**(139)**	**(305)**	**(371)**

(1) Including €8 million in relation to the United Kingdom and €106 million in relation to the euro zone.

(2) Including an expense of €20 million related to multi-employer contributions accounted for as defined contribution plans for the year ended 31 March 2015 for the whole group against an expense of €19 million for the year ended 31 March 2014.

(3) Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11; €117 million relate to continuing activities.

25.8. Cash flows

In accordance with local practice and regulations, the company pays contributions to the funded schemes it sponsors and benefits to the members of unfunded plans.

Total cash spent for defined benefit plans in the year ended 31 March 2015 amounted to €195 million (€29 million for the continuing activities) and covers both regular contributions for accruing service and recovery contributions in case of funding shortfall.

For defined benefit plans, the expected cash outflows for the continuing activities are the following:

- €41 million in the year ending 31 March 2016;
- €28 million in the year ending 31 March 2017;
- €31 million in the year ending 31 March 2018.

Total cash spent for defined contribution plans in the year ended 31 March 2015 amounted to €232 million (€91 million for the continuing activities).

For defined contribution plans, according to the company's best estimate, payments should remain stable over the next years, at constant scope and exchange rates.

Note 26. Financial debt

Carrying amount (in € million)	**At 31 March 2015**	**At 31 March 2014***
Bonds	3,838	4,614
Other borrowing facilities	856	537
Put options and earn-out on acquired entities	2	40
Derivatives relating to financing activities	59	13
Accrued interests	39	55
Borrowings	**4,794**	**5,259**
Non-current	*2,847*	*4,009*
Current	*1,947*	*1,250*
Obligations under finance leases	27	96
Other obligations under long-term rental (1)	365	349
Obligations under finance leases	**392**	**445**
Non-current	*341*	*398*
Current	*51*	*47*
TOTAL FINANCIAL DEBT	**5,186**	**5,704**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(1) The other obligations under long-term rental represent liabilities related to lease obligations on trains and associated equipment (see Notes 15 and 31).

Movements over the period ended 31 March 2015 mainly arose from the repayment of two bonds for a total amount of € 780 million and classification of the Energy activities as "Liabilities related to assets held for sale" for an amount of € 287 million (see Note 4).

The following table summarises the significant components of the Group's bonds:

	Nominal value (in € million)	Maturity date	Nominal interest rate	Effective interest rate
Alstom October 2015	500	05/10/2015	2.88%	2.98%
Alstom March 2016	500	02/03/2016	3.87%	4.05%
Alstom February 2017	750	01/02/2017	4.13%	4.25%
Alstom October 2017	350	11/10/2017	2.25%	2.44%
Alstom October 2018	500	05/10/2018	3.63%	3.71%
Alstom July 2019	500	08/07/2019	3.00%	3.18%
Alstom March 2020	750	18/03/2020	4.50%	4.58%

Note 27. Financial instruments and financial risk management

27.1. Financial instruments reported in the financial statements

The Group's financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise funds for the Group's operations.
The Group has loans, trade and other receivables, and cash and cash equivalents that are directly derived from its operations.
The Group is exposed to currency risk, interest rate risk, credit risk and liquidity risk.

The main valuation methods applied are as follows:
- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method,
- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities,
- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity,
- the fair value of derivative instruments is the estimated amount that the Group would receive or pay to settle the related contracts, valued on the basis of relevant yield curves and foreign exchange rates at closing date.

IFRS 13 application "Fair Value Measurement", which requires counterparty risk to be taken into account in measuring derivative instruments, does not have a material impact on the Group's financial statements.

Year ended 31 March 2015

Balance sheet positions at 31 March 2015

At 31 March 2015 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories (*): FV P/L	AFS	LRL at amortised cost	DER	Total	Fair value of items classified as financial instruments: Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	36	-	-	36	-	-	36	-	-	36	36
Other non-current assets	473	8	-	-	465	-	465	-	82	383	465
Trade receivables	1,470	-	-	-	1,470	-	1,470	-	1,470	-	1,470
Other current operating assets	1,957	540	493	-	143	782	1,417	-	1,417	-	1,417
Marketable securities and other current financial assets	61	-	-	-	-	61	61	-	61	-	61
Cash and cash equivalents	1,599	-	1,599	-	-	-	1,599	-	1,599	-	1,599
ASSETS	**5,596**	**548**	**2,092**	**36**	**2,078**	**843**	**5,048**	-	**4,629**	**419**	**5,048**
Non-current borrowings	2,847	-	-	-	2,847	-	2,847	-	3,132	-	3,132
Non-current obligations under finance leases	341	-	-	-	341	-	341	-	341	-	341
Current borrowings	1,947	-	-	-	1,889	58	1,947	-	1,970	-	1,970
Current obligations under finance leases	51	-	-	-	51	-	51	-	51	-	51
Trade payables	917	-	-	-	917	-	917	-	917	-	917
Other current operating liabilities	2,492	575	176	-	382	1,360	1,918	-	1,918	-	1,918
LIABILITIES	**8,595**	**575**	**176**	**0**	**6,427**	**1,418**	**8,021**	-	**8,329**	**0**	**8,329**

* FV P/L short for fair value through profit and loss; AFS short for available-for-sale assets; LRL short for loans, receivables and liabilities and DER short for derivative instruments

Financial income and expense arising from financial instruments for the year ended 31 March 2015

(in € million)	**FV P/L**	**AFS**	**LRL at amortised cost inc. related derivatives**	**Total**
Interests	12	-	(193)	(181)
Interest income (1)	*12*	-	-	*12*
Interest expense	-	-	*(193)*	*(193)*
Dividends	-	-	-	-
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(18)	(18)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2015	**12**	**-**	**(211)**	**(199)**

(1) Excluding interest expense recharged to discontinued operations in application of the cash pool agreement (see Notes 4 and 8)

Year ended 31 March 2014

Balance sheet positions at 31 March 2014

At 31 March 2014* (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories (**) FV P/L	AFS	LRL at amortised cost	DER	Total	Fair value of items classified as financial instruments Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	160	-	-	160	-	-	160	-	160	-	160
Other non-current assets	510	22	-	-	488	-	488	-	123	365	488
Trade receivables	4,450	-	-	-	4,450	-	4,450	-	4,450	-	4,450
Other current operating assets	3,133	1,839	526	-	371	397	1,294	-	1,294	-	1,294
Marketable securities and other current financial assets	26	-	-	-	-	26	26	-	26	-	26
Cash and cash equivalents	2,276	-	2,276	-	-	-	2,276	-	2,276	-	2,276
ASSETS	**10,555**	**1,861**	**2,802**	**160**	**5,309**	**423**	**8,694**	**-**	**8,329**	**365**	**8,694**
Non-current borrowings	4,009	-	-	-	4,009	-	4,009	-	4,489	-	4,489
Non-current obligations under finance leases	398	-	-	-	398	-	398	-	398	-	398
Current borrowings	1,250	-	-	-	1,237	13	1,250	-	1,249	-	1,249
Current obligations under finance leases	47	-	-	-	47	-	47	-	47	-	47
Trade payables	3,819	-	-	-	3,819	-	3,819	-	3,819	-	3,819
Other current operating liabilities	3,593	1,828	351	-	1,119	295	1,765	-	1,765	-	1,765
LIABILITIES	**13,116**	**1,828**	**351**	**-**	**10,629**	**308**	**11,288**	**-**	**11,767**	**-**	**11,767**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

** FV P/L short for fair value through profit and loss; AFS short for available-for-sale assets; LRL short for loans, receivables and liabilities and DER short for derivative instruments

Financial income and expense arising from financial instruments for the year ended 31 March 2014

(in € million)	**FV P/L**	**AFS**	**LRL at amortised cost inc. related derivatives**	**Total**
Interests	4	-	(184)	(180)
Interest income (1)	*4*	*-*	*-*	*4*
Interest expense	*-*	*-*	*(184)*	*(184)*
Dividends	-	-	-	-
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(16)	(16)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2014*	**4**	**-**	**(200)**	**(196)**

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

(1) Excluding interest expense recharged to discontinued operations in application of the cash pool agreement (see Notes 4 and 8)

27.2. Currency risk management

Financial debt

The nominal value of the financial debt split by currency is as follows:

(in € million)	**At 31 March 2015**	**At 31 March 2014***
Euro	4,650	4,873
Chinese Yuan	4	58
Brazilian Real	78	237
British Pound	377	383
Russian Federation Rouble	7	2
US Dollar	46	9
Other currencies	36	151
FINANCIAL DEBT IN NOMINAL VALUE	**5,198**	**5,713**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

The debt in GBP essentially originates from a long-term lease scheme of trains, involving London Underground. The related €365 million debt denominated in GBP is counter-balanced by long-term receivables having the same maturity and also denominated in GBP that are recognised as non-current assets (see Notes 15, 26 and 31).

Operations

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. Main currencies triggering a significant exposure for the year ended 31 March 2015 are the US dollar and the Swiss Franc.

During the tender period, depending on the probability to obtain the project and on market conditions, the Group can hedge a portion of its tenders using options or export insurance contracts when possible. Once the contract is signed, forward exchange contracts are used to hedge the actual exposure during the life of the contract (either as the only hedging instruments or as a complement to existing export insurance contracts).

The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposure on any individual sale or purchase transaction in excess of €100,000. Forward currency contracts must be denominated in the same currency as the hedged item. It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of hedged items to maximise hedge effectiveness.

The Group uses almost exclusively currency forward contracts and swap currency contracts to adjust the maturity of the forward contracts to ensure that they are at all times as close as possible to the terms of the contractual flows. The portfolio of forward contracts has a weighted maturity of one and a half-year, however the Group does have some forward contracts beyond five years to reflect the long term nature of some of the contracts. The Group hedges about forty different currencies with a multitude of crosses depending on which entity of the Group is exposed to the currency. As of 31 March 2015 the Group has an outstanding portfolio of currency forward contracts hedging €8.0 billion of cash out (supplier payments) and €9.5 billion of cash in (client receipts).

Most of the hedging instruments are negotiated by Alstom Holdings and are mirrored by hedging agreements between Alstom Holdings and the subsidiaries of the Group concerned. Whenever local regulations prohibit this hedging, instruments are negotiated directly with local banks.

Derivative instruments hedging foreign currency risk are recognised at their fair value on the balance sheet as follows:

	At 31 March 2015		At 31 March 2014*	
(in € million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives qualifying for fair value hedge	831	1,383	423	321
Derivatives qualifying for cash flow hedge	11	34	12	7
Derivatives qualifying for net investment hedge	-	-	-	2
Derivatives not qualifying for hedge accounting	1	1	1	1
TOTAL	**843**	**1,418**	**436**	**331**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

The fair value of those instruments is the estimated amount that the Group would receive or pay to settle the related contracts, valued on the basis of relevant yield curves and foreign exchange rates at closing date.

The volatility of foreign exchange rates during the periods ended 31 March 2015 and 31 March 2014 explains the amount of fair value of derivative instruments (either positive or negative). For instruments that qualify for fair value hedge accounting, any change in fair value is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

At 31 March 2015, the fair value of hedging instruments included in the discontinued operations represents a net liability of € 270 million (of which € 292 million of hedging instruments against Alstom Holdings).

The following table shows the sensitivity of the Group's pre-tax income to a change in the US dollar and Swiss Franc exchange rates. The effects on pre-tax income arise from derivative instruments not qualifying for hedge accounting while the effect on income and expense directly recognised in equity is due to the measurement of the effective portion of derivative instruments qualifying for cash flow hedge accounting.

	USD rate			CHF rate		
	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity
Year ended 31 March 2015	10%	-	-	5%	-	14
	-10%	-	-	-5%	-	(14)
Year ended 31 March 2014*	10%	(1)	-	5%	-	9
	-10%	1	-	-5%	-	(9)

* Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11 and following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" in the context of the Energy disposal

The effective portion of instruments qualifying for cash flow hedge accounting reclassified from equity to profit or loss during the year ended 31 March 2015 is negative by €5 million.

27.3. Interest rate risk management

The Group has not implemented an active interest rate risk management policy. However under the supervision of the Executive Committee, it may enter into transactions in order to hedge its interest rate risk on a case-by-case basis according to market opportunities.

Carrying amount (in € million)	**At 31 March 2015**	**At 31 March 2014***
Financial assets at floating rate	1,639	2,398
Financial assets at fixed rate	412	402
Financial assets bearing interests	**2,051**	**2,800**
Financial debt at floating rate	1	253
Financial debt at fixed rate, put options and earn-out on acquired entities	5,185	5,451
Financial debt	**5,186**	**5,704**
Total position at floating rate before swaps	1,640	2,651
Total position at fixed rate before swaps	5,597	5,853
Total position before hedging	**7,237**	**8,504**
Total position at floating rate after swaps	1,640	2,651
Total position at fixed rate after swaps	5,597	5,853
TOTAL POSITION AFTER HEDGING	**7,237**	**8,504**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

Sensitivity is analysed based on the group's net cash position after hedging at 31 March 2015, assuming that it remains constant over one year.

In absence of instruments hedging the interest risk, the effects of increases or decreases in market rates are symmetrical: a rise of 0.1% would increase the net interest income by €1.6 million while a fall of 0.1% would decrease it by the same amount.

27.4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a loss. The Group is exposed to credit risk on its operating activities (primarily for trade receivables) and from its financing activities, including deposits, foreign currency hedging instruments and other financial instruments with banks and financial institutions.

Risk related to customers

The Group believes that the risk of a counterpart failing to perform as contracted, which could have a significant impact on the Group's financial statements or results of operations, is limited because the Group seeks to ensure that customers generally have strong credit profiles or adequate financing to meet their project obligations (see also Note 18).

In specific cases, the Group may use export credit insurance policies which may hedge up to 90% of the credit risk on certain contracts.

Risk related to other financial assets

The Group's exposure to credit risk related to other financial assets arises from default of the counterpart, with a maximum exposure equal to the carrying amount of those instruments. The financial instruments are taken out with over 30 different counterparties and the risk is therefore highly diluted.

Risk related to cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy. At 31 March 2015 and at 31 March 2014, as part of the central treasury management, cash and cash equivalents are invested entirely in deposits with bank counterparts of first rank noted "Investment Grade".

The Group's parent company has access to some cash held by wholly-owned subsidiaries through the payment of dividends or pursuant to intercompany loan arrangements. However local constraints can delay or restrict this access. Furthermore, while the Group's parent company has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the parent company may be subject to legal or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. These limitations include local financial assistance rules and corporate benefit laws.

The Group's policy is to centralise liquidity of subsidiaries at the parent company's level when possible. Restricted cash available at subsidiary level were €155 million and €296 million at 31 March 2015 and 31 March 2014, respectively for continuing activities.

The Group has derivatives with first class banks under agreements which require the offsetting of receivable and payable amounts in case of default of one of the contracting parties. These derivatives fall within the scope of disclosures under IFRS 7 on compensation and are presented in the tables below:

At 31 March 2015				Related amounts not set off in the balance sheet		
(in € million)	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial assets/liabilities set off in the balance sheet	Net amounts of financial assets/liabilities presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives assets	843		843	(794)		47
Derivatives liabilities	(1,418)		(1,418)	794		(623)

At 31 March 2014*				Related amounts not set off in the balance sheet		
(in € million)	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial assets/liabilities set off in the balance sheet	Net amounts of financial assets/liabilities presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives assets	437	-	437	(289)	-	148
Derivatives liabilities	(332)	-	(332)	289	-	(43)

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11

27.5. Liquidity risk management

Financial covenants

In addition to its available cash and cash equivalents, amounting to € 2,271 million as of 31 March 2015 (out of which € 1,599 million related to continuing activities), the Group has a revolving credit facility maturing on the earlier of completion of the proposed transaction with GE and 16 December 2016, amounting to €1.350 billion, which is fully undrawn as of March 2015. The lenders to this revolving credit facility have confirmed that the proposed transaction with GE will not create any event of default under this facility. The Group also has additional facilities amounting to a total of €1.600 billion fully undrawn as of 31 March 2015, available up to the completion (and subject to the non-cancellation) of the proposed transaction with GE, maturing on the earlier of the completion of the proposed transaction with GE and 1 December 2015 (the "Bridge Facilities" and together with the revolving credit facility the "Credit Facilities").

In light of the above and of the maturity of its revolving credit facility described below, the Group considers that, subject to the transaction, it has sufficient financial flexibility to meet its financial obligations and needs in the difficult commercial context which adversely impacts its Energy activities since the announcement of the proposed transaction with GE, and which has resulted in a deterioration of the Group's net working capital. The Group intends to replace the Credit Facilities with a new credit facility in an amount of € 400 million which it considers will be sufficient to cover its financial obligations and working capital requirements and which would be effective on the day of the completion of the proposed transaction with GE.

These facilities are subject to the following financial covenants, based on consolidated data:

Covenants	Minimum Interest Cover	Maximum total debt (in € million)	Maximum total net debt leverage
	(a)	(b)	(c)
	3	6,000	3.6

(a) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense (excluding interest related to obligations under finance lease).
(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant would apply if the Group is rated "non-investment grade" by both rating agencies, which is not the case at 31 March 2015.
(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA.

As of 31 March 2015, Alstom calculates covenants before the reclassifications in the income statement and the balance sheet required by IFRS 5 (i.e. considering both continuing and discontinued activities within the meaning of IFRS 5). The key Group indicators used to calculate the financial covenants are detailed below:

(in € million)	For the year ended 31 March 2015	For the year ended 31 March 2014*
EBITDA (excluding capital gain on disposal)	107	1,553
Net interest expense (excluding interests related to obligations under finance leases)	(200)	(194)
Total net debt (1)	2,850	2,956
INTEREST COVER RATIO	**0.5**	**8.0**
TOTAL NET DEBT LEVERAGE	**26.6**	**1.9**

* Figures have been restated as mentioned in Note 3 "Comparability" following the first application of IFRS 11
(1) Total net debt of both continuing and discontinued activities

In view of the proposed transaction with GE, the lenders to these facilities have agreed to waive any event of default linked to the breach of the financial covenants until the completion of the proposed transaction with General Electric (and subject to such completion) - until the earlier of 1 December 2015 or the completion of the proposed transaction - or the announcement date specifying the non-completion of the proposed transaction (the "Waiver").

In the event that it is announced that the proposed transaction with General Electric will not go ahead or, if the proposed transaction with General Electric does not complete by 1 December

2015, each of the Facilities would be in default as the Waiver of the financial covenants would lapse. This is likely to result in drawings under the Credit Facilities and requests for bonding guarantees under the Committed Bonding Facility being suspended and the possibility that all amounts outstanding under the Credit Facilities and the Committed Bonding Facility becoming immediately due and payable. This may also result in a significant part of the other debt of the Group becoming immediately repayable through the implementation of cross-default or cross-acceleration provisions contained in most of the Group's financing agreements and outstanding securities.

Cash Flow

The Group's objective is to maintain a strong liquidity. A revolving cash planning tool is used to monitor the Group's liquidity needs.

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2015 and 31 March 2014.

Planning data for future new assets and liabilities are not reported. Amounts in foreign currency are translated at the closing rate. The variable interest payments are calculated using the last interest rates available at the closing date. Assets and liabilities that can be repaid at any time are always assigned to the earliest possible time period.

<u>Financial instruments held at 31 March 2015</u>

Cash flow arising from instruments included in net cash/(debt) at 31 March 2015

		2016		2017		2018-2020		2021 and thereafter	
Cash flow for the years ended 31 March *(in € million)*	**Carrying amount**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
Other non-current assets	383	25	37	23	42	10	287	-	17
Marketable securities and other current financial assets	61	-	61	-	-	-	-	-	-
Cash and cash equivalents	1,599	1	1,599	-	-	-	-	-	-
Assets	**2,043**	**26**	**1,697**	**23**	**42**	**10**	**287**	**-**	**17**
Non-current borrowings	(2,847)	(134)	-	(103)	(750)	(71)	(2,100)	-	3
Non-current obligations under finance leases	(341)	-	-	(25)	(49)	(13)	(288)	-	(4)
Current borrowings	(1,947)	-	(1,947)	-	-	-	-	-	-
Current obligations under finance leases	(51)	(29)	(51)	-	-	-	-	-	-
Liabilities	**(5,186)**	**(163)**	**(1,998)**	**(128)**	**(799)**	**(84)**	**(2,388)**	**-**	**(1)**
NET CASH/(DEBT)	**(3,143)**	**(137)**	**(301)**	**(105)**	**(757)**	**(74)**	**(2,101)**	**-**	**16**

Cash flow arising from operating derivatives at 31 March 2015

.		2016		2017		2018-2020		2021 and thereafter	
Cash flow for the years ended 31 March *(in € million)*	**Carrying amount**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
Other current operating assets	782	-	481	-	126	-	150	-	25
Assets	**782**	**-**	**481**	**-**	**126**	**-**	**150**	**-**	**25**
Other current operating liabilities	(1,360)	-	(679)	-	(301)	-	(344)	-	(36)
Liabilities	**(1,360)**	**-**	**(679)**	**-**	**(301)**	**-**	**(344)**	**-**	**(36)**
DERIVATIVES	**(578)**	**-**	**(198)**	**-**	**(175)**	**-**	**(194)**	**-**	**(11)**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2015

Cash flow for the years ended 31 March *(in € million)*	Carrying amount	2016 Interests	2016 Repayment	2017 Interests	2017 Repayment	2018-2020 Interests	2018-2020 Repayment	2021 and thereafter Interests	2021 and thereafter Repayment
Non consolidated investments	36	-	-	-	-	-	-	-	36
Other non-current assets	82	-	28	-	1	-	6	-	47
Trade receivables	1,470	-	1,470	-	-	-	-	-	-
Other current operating assets	635	-	635	-	-	-	-	-	-
Assets	**2,223**	**-**	**2,133**	**-**	**1**	**-**	**6**	**-**	**83**
Trade payables	(917)	-	(917)	-	-	-	-	-	-
Other current operating liabilities	(558)	-	(558)	-	-	-	-	-	-
Liabilities	**(1,475)**	**-**	**(1,475)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**748**	**-**	**658**	**-**	**1**	**-**	**6**	**-**	**83**

Financial instruments held at 31 March 2014

Cash flow arising from instruments included in net cash/(debt) at 31 March 2014

Cash flow for the years ended 31 March (in € million)	Carrying amount	2015 Interests	2015 Repayment	2016 Interests	2016 Repayment	2017-2019 Interests	2017-2019 Repayment	2020 and thereafter Interests	2020 and thereafter Repayment
Other non-current assets	364	25	29	22	32	29	288	-	15
Marketable securities and other current financial assets	26	-	26	-	-	-	-	-	-
Cash and cash equivalents	2,276	16	2,276	-	-	-	-	-	-
Assets	**2,666**	**41**	**2,331**	**22**	**32**	**29**	**288**	**-**	**15**
Non-current borrowings	(4,009)	-	-	(151)	(1,004)	(251)	(1,743)	(43)	(1,262)
Non-current obligations under finance leases	(398)	-	-	(25)	(57)	(32)	(325)	(1)	(16)
Current borrowings	(1,250)	(209)	(1,250)	-	-	-	-	-	-
Current obligations under finance leases	(47)	(28)	(47)	-	-	-	-	-	-
Liabilities	**(5,704)**	**(237)**	**(1,297)**	**(176)**	**(1,061)**	**(283)**	**(2,068)**	**(44)**	**(1,278)**
NET CASH/(DEBT)	**(3,038)**	**(196)**	**1,034**	**(154)**	**(1,029)**	**(254)**	**(1,780)**	**(44)**	**(1,263)**

Cash flow arising from operating derivatives at 31 March 2014

Cash flow for the years ended 31 March (in € million)	Carrying amount	2015 Interests	2015 Repayment	2016 Interests	2016 Repayment	2017-2019 Interests	2017-2019 Repayment	2020 and thereafter Interests	2020 and thereafter Repayment
Other current operating assets	397	-	168	-	88	-	124	-	17
Assets	**397**	**-**	**168**	**-**	**88**	**-**	**124**	**-**	**17**
Other current operating liabilities	(295)	-	(155)	-	(73)	-	(61)	-	(6)
Liabilities	**(295)**	**-**	**(155)**	**-**	**(73)**	**-**	**(61)**	**-**	**(6)**
DERIVATIVES	**102**	**-**	**13**	**-**	**15**	**-**	**63**	**-**	**11**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2014

Cash flow for the years ended 31 March (in € million)	Carrying amount	2015 Interests	2015 Repayment	2016 Interests	2016 Repayment	2017-2019 Interests	2017-2019 Repayment	2020 and thereafter Interests	2020 and thereafter Repayment
Non consolidated investments	160	-	-	-	-	-	-	-	160
Other non-current assets	124	-	95	-	3	-	16	-	10
Trade receivables	4,450	-	4,450	-	-	-	-	-	-
Other current operating assets	897	-	897	-	-	-	-	-	-
Assets	**5,631**	**-**	**5,442**	**-**	**3**	**-**	**16**	**-**	**170**
Trade payables	(3,819)	-	(3,819)	-	-	-	-	-	-
Other current operating liabilities	(1,470)	-	(1,470)	-	-	-	-	-	-
Liabilities	**(5,289)**	**-**	**(5,289)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**342**	**-**	**153**	**-**	**3**	**-**	**16**	**-**	**170**

27.6. Commodity risk management

Most of commodities bought by the Group has already been modified and included into spare parts. For the other commodities, the Group has included into customer contracts a customer price adjustment clause, so that the Group has a limited exposure to the variation of commodity prices.

Note 28. Other current operating liabilities

(in € million)	At 31 March 2015	At 31 March 2014*
Staff and associated liabilities	419	1,161
Corporate income tax	32	96
Other taxes	105	493
Deferred income	11	119
Other payables	389	1,079
Derivatives relating to operating activities	1,360	295
Remeasurement of hedged firm commitments in foreign currency	176	350
OTHER CURRENT OPERATING LIABILITIES	**2,492**	**3,593**

* Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11

Derivatives relating to operating activities centralized by Alstom Holdings, including those affected to hedge operating foreign currency exposures of the Energy activities, are not classified as held for sale. However, re-measurement of hedged firm commitments in foreign currency related to Energy activities are classified as held for sale (under the line items “other current operating assets” and “other current operating liabilities” in the balance-sheet of the Energy activities disclosed in Note 4).

Note 29. Employee benefit expense and headcount

	Year ended	
(in € million)	31 March 2015	31 March 2014*
Wages and salaries	1,237	4,356
Social charges	379	1,117
Post-employment and other long-term benefit expense (see Note 25.7)	444	371
Share-based payment expense (see Note 23)	26	10
TOTAL EMPLOYEE BENEFIT EXPENSE	**2,086**	**5,854**

* Figures have been restated as mentioned in Note 3 “Comparability” following the first application of IFRS 11

	At 31 March 2015	At 31 March 2014
Staff of consolidated companies at year end		
Managers, engineers and professionals	46,006	46,086
Other employees	37,730	40,039
HEADCOUNT (1)	**83,736**	**86,125**

(1) Headcount doesn’t include any temporary people.

The above figures include employees of Energy Activities of 57,888 for the year ending March 31, 2015.

Note 30. Contingent liabilities and disputes

30.1. Contingent liabilities

Commercial obligations

Contractual obligations of the Group towards its customers may be guaranteed by bank bonds or insurance bonds. Bank and insurance bonds may guarantee liabilities already recorded on the balance sheet as well as contingent liabilities.

As at 31 March 2015, the Group has in place both uncommitted bilateral lines in numerous countries up to €25.4 billion and a Committed Syndicated Bonding Facility allowing issuance of instruments up to €9.0 billion valid up to 27 July 2016.

As at 31 March 2015, the total outstanding bonding guarantees related to contracts from continuing activities, issued by banks or insurance companies, amounts to €7.0 billion (€ 7.5 billion at 31 March 2014).

The available amount under the Committed Bonding Facility at 31 March 2015 amounts to €2.0 billion (€ 2.0 billion at 31 March 2014). The available amount under bilateral lines at 31 March 2014 amounts to €13.0 billion. The Committed Bonding Facility includes a certain number of financial covenants based on consolidated figures of the Group. As of 31 March 2015, Alstom calculates covenants before the reclassifications in the income statement and the balance sheet required by IFRS 5 (i.e. considering both continuing and discontinued activities within the meaning of IFRS 5).

The key Group indicators used to calculate the financial covenants are detailed in Note 27.5.

Vendor financing

Until 2003, the Group provided some financial support, referred to as vendor financing, to financial institutions financing certain purchasers of Transport equipment.

At 31 March 2015, guarantees given as part of past vendor financing arrangements concern guarantees given as part of a leasing scheme involving London Underground Limited (Northern Line) and amount to £ 177 million (€244 million and €214 million at 31 March 2015 and at 31 March 2014 respectively).

Were London Underground Limited to decide not to extend the contract beyond 2017, and to hand the trains back, the Group has guaranteed to the lessors that the value of the trains and associated equipment, net of the £ 15 million non-extension payment due by London

Underground, should not be less than £ 177 million in 2017. The £ 177 million is included in the €365 million amount of "Other obligations under long-term rental" (see Note 26).

30.2. Disputes

As indicated in Note 1, within the contemplated sale of Alstom's Energy activities to General Electric, General Electric has undertaken to take on all liabilities and risks exclusively or predominantly associated with the said activities. This does not apply to the agreement with the US Department of Justice dated as of December 22, 2014 which is discussed below.

Disputes in the Group's ordinary course of business

The Group is engaged in several legal proceedings, mostly contract-related disputes that have arisen in the ordinary course of business. These disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates, particularly for large long-term projects. In some cases, the amounts, which may be significant, are claimed against the Group, sometimes jointly with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of these litigations are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

Other disputes

- **Asbestos**

Some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos in France essentially and in the United States of America and the United Kingdom. In France, these proceedings are initiated by certain employees or former employees suffering from an occupational disease in relation to asbestos with the aim of obtaining a court decision allowing them to obtain a supplementary compensation from the French Social Security funds. In addition employees and former employees of the Group not suffering from an asbestos related occupational disease have started lawsuits before the French courts with the aim of obtaining compensation for damages in relation to their alleged exposure to asbestos, including the specific anxiety damage.

The Group believes that the cases where it may be required to bear the financial consequences of such proceedings do not represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases would not have any material adverse effect on its financial condition.

- **Alleged anti-competitive activities**

GIS equipment

In April 2006, the European Commission initiated proceedings against Alstom, along with a number of other companies, based on allegations of anti-competitive practices in the sale of gas-insulated switchgears ("GIS equipment"), a product of its former Transmission & Distribution business sold to Areva in January 2004, following investigations that began in 2004.

On 24 January 2007, the European Commission levied a fine of €65 million against Alstom which includes €53 million on a joint and several basis with Areva T&D (subsequently renamed Alstom Grid). On 3 March 2011 the General Court of the European Union reduced the amount of fine levied against Alstom to €58.5 million. The Court of Justice of the European Union issued its final decision on 10 April 2014. The amount of the reduced fine was confirmed, which, when adding the late payment interests due, makes the total amount paid by Alstom at €79.3 million.

The civil action initiated by National Grid in 2008 before the High Court of Justice in London following the 2007 the European Commission decision to obtain damages, ended with a full and final settlement agreed in June 2014. Two other civil actions which started in May and September 2010 are ongoing before national jurisdictions for a global amount of approximately €32 million.

On 16 September 2013 the Israeli Antitrust Authority issued a decision whereby Alstom and other companies were held liable for alleged anti-competitive arrangement in the GIS equipment Israeli market. No fine will be imposed to Alstom arising out of this decision. Alstom appealed this decision in October 2014. Following the decision, the Israeli state-owned company for the power distribution started a civil action in December 2013 for an amount of ILS 3.8 billion (approximately € 800 million) against the members of the alleged anti-competitive arrangement. Alstom has submitted its defense. Two class actions for respective amounts of ILS 2 billion (approximately €400 million) and ILS 2.8 billion (approximately €600 million) have also been initiated against the members of the alleged anti-competitive arrangement for overcharge. Alstom vigorously contests these procedures on the merits and considers it has good arguments to defend these cases.

Power transformers

On 20 November 2008, the European Commission sent a statement of objections to a number of manufacturers of power transformers, including Alstom, concerning their alleged participation in anti-competitive arrangements. Alstom has contested the materiality of the alleged facts. On 7 October 2009, the European Commission levied a fine of €16.5 million against Alstom which includes €13.5 million on a joint and several basis with Areva T&D (subsequently renamed Alstom Grid). On 27 November 2014, the Court decided to maintain only the conviction for Alstom Grid in the amount of € 13.5 million. In addition late payment interests is payable and therefore the total amount paid by Alstom in January 2015 was €15.5 million.

Transportation activities in Brazil

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiary of Alstom Transport, following allegations of anti-competitive practices and illegal payments. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom Transport's subsidiary in Brazil, and certain current and former employees of the Group. Alstom Transport cooperates with CADE In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible. This procedure is at an early stage. Current and former employees of Alstom are also subject to criminal proceedings initiated in December 2014 by the public prosecutor of the state of Sao Paulo in connection with some of the Transport projects subject to CADE procedure.

In December 2014, the public prosecutor of the state of Sao Paulo also initiated a lawsuit related to alleged anti-competitive practices regarding a train maintenance project in Brazil which is also subject to administrative proceedings since 2013.

- **Alleged illegal payments**

Certain companies and/or current and former employees of the Group are currently being investigated and/or subject to procedures, by judicial or administrative authorities (including in Brazil, in the United Kingdom and in France) or international financial institutions with respect to alleged illegal payments in certain countries.

With respect to these above mentioned matters, the Group is cooperating with the concerned authorities or institutions. These investigations or procedures may result in criminal sanctions, including fines which may be significant, exclusion of Group subsidiaries from tenders and third-party actions.
In Brazil, assets of two Group's subsidiaries and shares of these entities held by the Group were frozen following a preliminary decision ordered in February 2015 for an amount of BRL 287 million (approximately €80 million) in relation to an ongoing procedure related to an energy project originated in the 1990s. The Prosecutor of the State of Sao Paulo launched in May 2014

an action against a Group's subsidiary in Brazil, along with a number of other companies, for a total amount of approximately €800 million excluding possible damages in connection with a transportation project. The Group's subsidiaries are defending themselves.

Alstom has concluded on 22 December 2014 an agreement with the U.S. Department of Justice (DOJ) in order to put an end to the investigation conducted in the United States from 2010 on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act (FCPA). Two US subsidiaries, Alstom Power Inc. and Alstom Grid Inc. (formerly known as Alstom T&D Inc.), have agreed to enter into deferred prosecution agreements with the DOJ relating to FCPA charges. If these two US subsidiaries fulfil the terms of their deferred prosecution agreements, all criminal charges will be dismissed against them at the end of three years. Another Alstom subsidiary, Alstom Network Schweiz AG (formerly known as Alstom Prom AG), has agreed to plead guilty to FCPA antibribery charges. In relation to these underlying charges, the ultimate parent company of the Group, Alstom S.A. has agreed to plead guilty to violating the books and records and internal controls provisions of the FCPA and to pay a fine of approximately USD 772 million. The DOJ agreement has also stipulated that no part of the fine can be passed on to General Electric as part of the projected sale of Alstom's Energy businesses. The Plea agreements concluded with the DOJ are subject to approval by the competent American court. Payment of the fine is expected to occur ten days after entry of judgment and pronouncement of sentence, based upon such approval. Sentencing is currently scheduled for June 2015, which schedule could be postponed by the court.

In the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. The SFO opened during fiscal year 2014/15 three criminal prosecutions against entities of the Group and certain current and past employees of the Group in connection with transportation projects located in Poland, Tunisia, India and Hungary, and with an energy project located in Lithuania. These proceedings are at an early stage and the Group is unable, at this stage, to predict their consequences.

The World Bank and Alstom entered into a negotiated resolution agreement on 21 February 2012. As part of this agreement, the World Bank announced its decision to debar Alstom Hydro France and Alstom Network Schweiz AG (Switzerland) and their affiliates from public tenders financed by the World Bank for a period of three years which ended on 21 February 2015. The World Bank determined that Alstom has implemented a corporate compliance program in line with the World Bank's integrity compliance policies and practices and has satisfied all of the other conditions of the February 2012 negotiated resolution agreement.

- **Lignite-fired station in Maritza**

In 2006, Alstom was awarded by AES a contract for the manufacture of a lignite-fired station in Maritza, Bulgaria. During the execution of the project, Alstom experienced delays and works disruptions mostly due to the defective nature of the lignite supplied by AES. In February and March 2011, AES called the performance bank guarantee and terminated the contract. An arbitration procedure initiated by Alstom, resulted in a full and final settlement between the parties on 22 December 2014.

- **Budapest metro**

In 2006, Alstom was awarded by BKV a contract for the delivery of metros for two lines in the city of Budapest. During the execution of the project, Alstom experienced delays mostly related to technical change requests from BKV and the refusal by the Hungarian Authority “NKH” to deliver the final train homologation in 2010 (in August 2007, NKH granted a Preliminary Type License). On 19 October 2010 BKV terminated the contract and called the bank guarantees. In July 2011 the parties agreed the re-entry into force of the contract and the suspension of the arbitration procedure initiated by Alstom in January 2011. The final train homologation was obtained in July 2012. The arbitration proceedings resumed on 17 December 2012 and are at the phase of assessments of damages claimed by the parties.

- **CR-1 Marmaray railway infrastructure – Turkey**

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the “Marmaray Commuter Rail Project (CR-1)” to the consortium Alstom Dogus Marubeni (AMD), of which Alstom Transport’s main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guaranties was forbidden and the AMD consortium immediately initiated an arbitration procedure to resolve the substantive issues The arbitral tribunal has decided in December 2014 that the contract stands as terminated by virtue of Turkish law and has authorised the parties to submit their claims for compensation of the damages arising from such termination. As a result, the arbitration procedure is now in the phase of assessment of damages.

- **Signaling works in the Sao Paolo metro – Brazil**

In July 2008, the Sao Paolo metro company (CMSP) awarded to Alstom Transport's subsidiary in Brazil a contract for the installation of signaling systems on lines 1, 2 and 3 of the Sao Paolo metro. The completion of the project suffered from significant delays, the causes of which are disputed by the parties, each party attributing the origin of such delays to the other. As a result of CMSP's application of delay penalty fees, and its denial of a grant of deadline extensions and financial compensation, Alstom Transport's subsidiary in Brazil brought its claims before an arbitral tribunal. This proceeding is on-going.

- **Regional Minuetto trains & high-speed Pendolino trains – Italy**

Alstom Transport's subsidiary in Italy is involved in two litigation proceedings with the Italian railway company Trenitalia. One is related to a supply contract of regional Minuetto trains awarded in 2001, and the other to a supply contract of high-speed Pendolino trains awarded in 2004. Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay penalty fees and to withhold payments. Since the parties dispute the origins of the technical failures as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. These proceedings are on-going.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

Note 31. Lease obligations

		Maturity of base payments		
(in € million)	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Long term rental (**)	423	62	361	-
Finance leases	85	17	52	16
Operating leases	471	96	275	100
TOTAL AT 31 MARCH 2015	**980**	**175**	**688**	**117**
Long term rental (**)	425	53	140	232
Finance leases	106	21	67	18
Operating leases	859	179	495	185
TOTAL AT 31 MARCH 2014*	**1,390**	**253**	**702**	**435**

(*) Figures have been restated and represented as mentioned in Note 3 "Comparability" following the first application of IFRS 11

(**) Obligations related to a long-term rental of trains and associated equipment to a London metro operator (see Note 26) including interests to be paid.

Movements related to operating leases between 31 March 2014 and 31 March 2015 mainly arose from the classification of the Energy activities as held for sale for an amount of €345.8 million.

Note 32. Independent Auditors' fees

Fees due to auditors and members of their networks in respect of years ended 31 March 2015 and 31 March 2014 were as follows:

	Year ended 31 March 2015				Year ended 31 March 2014			
	PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers		Mazars	
(in € million)	Amount	%	Amount	%	Amount	%	Amount	%
AUDIT								
Independent Auditors' diligence, certification, review of individual and consolidated accounts	10.3	87%	7.0	80%	11.1	87%	7.5	85%
. Alstom SA	*1.2*	*10%*	*0.7*	*8%*	*1.3*	*10%*	*1*	*11%*
. Controlled entities	*9.1*	*77%*	*6.3*	*72%*	*9.8*	*77%*	*6.5*	*74%*
Other audit diligence and audit related services	1.1	9%	1.7	20%	0.5	4%	1.2	14%
. Alstom SA	*0.7*	*5%*	*0.3*	*3%*	*0.2*	*1%*	-	-
. Controlled entities	*0.4*	*4%*	*1.4*	*16%*	*0.3*	*3%*	*1.2*	*14%*
Sub-total	**11.4**	**96%**	**8.7**	**99%**	**11.6**	**91%**	**8.7**	**99%**
OTHER SERVICES								
Legal, tax and social (1)	0.5	4%	0.1	1%	0.5	4%	0.1	1%
Other (2)	-	-	-	-	0.6	5%	-	-
Sub-total	**0.5**	**4%**	**0.1**	**1%**	**1.1**	**9%**	**0.1**	**1%**
Total	**11.9**	**100%**	**8.8**	**100%**	**12.7**	**100%**	**8.8**	**100%**

(1) Tax services provided outside of France, assisting the Group subsidiaries to comply with certain local tax requirements.

(2) "Research and Development" consulting services, in particular project management, provided in the United Kingdom.

Note 33. Related parties

The Group has identified the following related parties:

- Shareholders of the Group
- Associates & joint ventures
- Key management personnel

33.1. Shareholders of the Group

Bouygues, a French company listed on Paris stock market, is the main shareholder of the Group, holding more than 5% of the parent company's share capital. At 31 March 2015, Bouygues holds 29.3% of Alstom's share capital and voting rights.

Bouygues and Alstom are involved in various contracts which are part of the ordinary course of business (e.g. phone contracts, construction contracts). All these relations are subject to normal market terms and conditions. Those operating flows are not material at Group's level.

33.2. Related-party disclosures

Related party transactions are mainly transactions with companies over which Alstom exercises significant influence or joint ventures over which Alstom exercises joint control. Transactions with related parties are undertaken at market prices.

	Year ended 31 March 2015		At 31 March 2015	
(in € million)	Income	Expenses	Receivables	Liabilities
Joint ventures	118	-	63	1
Associates	2	-	-	-

33.3. Key management personnel

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee during the year.

	Year ended	
(in € thousand)	31 March 2015	31 March 2014
Short-term benefits *	**8,136**	**7,229**
Fixed gross salaries	4,752	4,659
Variable gross salaries	3,384	2,570
Post-employment benefits	**3,694**	**3,082**
Post-employment defined benefit plans	3,558	2,938
Post-employment defined contribution plans	136	144
Other post-employment benefits	-	-
Other benefits	**3,304**	**1,133**
Non monetary benefits	209	207
Share-based payments (1)	3,095	926
TOTAL	**15,134**	**11,444**

* Excluding social charges (respectively € 2 080 thousand as of 31 March 2015 and € 3,160 thousand as of 31 March 2014), conditional remunerations subject to the completion of the transaction with General Electric, and which could eventually be borne by the Group, notably the Chairman and CEO exceptional conditional remuneration decided on 4 November 2014 and consisting of the cash equivalent of 150.000 shares of the Company valued on the basis of the market price on the day of the completion of the transaction, for which a provision of € 2 771 thousands has been recorded as at 31st march 2015

(1) Expense recorded in the income statement in respect of stock option plans and performance shares.

Note 34. Subsequent events

The group has not identified any subsequent event to be reported.

Note 35. Major companies included in the scope of consolidation

The major companies of the Group are listed below, based on the following selection criteria: significant holding companies or sales above € 40 million for continued activities and € 80 million for discontinued activities for the year ended 31 March 2015. The list of all consolidated companies is available upon the request at the head office of the Group.

- **Continuing operations**

Companies	Country	Ownership %	Consolidation Method
Parent company			
ALSTOM SA	France		Parent company
Holding Companies			
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Power Holdings SA	France	100%	Full consolidation
ALSTOM T20	France	100%	Full consolidation
ALSTOM S.p.A.	Italy	100%	Full consolidation
ALSTOM Transport Holdings BV	Netherlands	100%	Full consolidation
ALSTOM Transport China Holding BV	Netherlands	100%	Full consolidation
ALSTOM Southern Africa Holdings (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Espana IB, S.L.	Spain	100%	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	United Kingdom	100%	Full consolidation
ALSTOM Transport Holding US Inc.	USA	100%	Full consolidation
Industrial Companies			
ALSTOM Algérie Spa	Algeria	100%	Full consolidation
ALSTOM Transport Australia (Pty) Ltd	Australia	100%	Full consolidation
ALSTOM Belgium SA	Belgium	100%	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100%	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100%	Full consolidation
CASCO SIGNAL Ltd	China	49%	Equity method
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Hong Kong Ltd	Hong Kong	100%	Full consolidation
ALSTOM Transport India Ltd	India	100%	Full consolidation
ALSTOM Ferroviaria S.p.A	Italy	100%	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100%	Full consolidation
The breakers Investments B.V.(Transmashholding)	Netherlands	25%	Equity method
ALSTOM Transport SA Romania	Romania	93%	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100%	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (Pty) Ltd	South Africa	61%	Full consolidation
ALSTOM Transporte, S.A.	Spain	100%	Full consolidation
ALSTOM Transport AB	Sweden	100%	Full consolidation
ALSTOM Transport UK Ltd	United Kingdom	100%	Full consolidation
ALSTOM NL Service Provision Ltd	United Kingdom	100%	Full consolidation
ALSTOM Transportation Inc.	USA	100%	Full consolidation
ALSTOM Signaling Inc.	USA	100%	Full consolidation

• Discontinued operations

Companies	Country	Ownership %	Consolidation Method
Holding Companies			
ALSTOM Australia Holdings Ltd	Australia	100%	Full consolidation
ALSTOM (China) Investment Co.,Ltd	China	100%	Full consolidation
ALSTOM Renewable Holding France	France	100%	Full consolidation
ALSTOM Power AG	Germany	100%	Full consolidation
GRID Equipments Limited	India	100%	Full consolidation
ALSTOM BV	Netherlands	100%	Full consolidation
ALSTOM Grid Holding BV	Netherlands	100%	Full consolidation
ALSTOM Renewable Holding BV	Netherlands	100%	Full consolidation
ALSTOM Finance BV	Netherlands	100%	Full consolidation
ALSTOM SA Thermal Holdings (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM UK Holdings Ltd	United Kingdom	100%	Full consolidation
ALSTOM Renewable UK (Holdings) Ltd	United Kingdom	100%	Full consolidation
ALSTOM Inc.	USA	100%	Full consolidation
Industrial Companies			
ALSTOM Limited	Australia	100%	Full consolidation
ALSTOM Energias Renovaveis Ltda	Brazil	100%	Full consolidation
ALSTOM Grid Energia Ltda	Brazil	100%	Full consolidation
ALSTOM Power Canada Inc	Canada	100%	Full consolidation
ALSTOM Grid Canada Inc	Canada	100%	Full consolidation
ALSTOM Hydro China Co Ltd	China	99%	Full consolidation
ALSTOM Technical Services (Shanghai) Co Ltd	China	100%	Full consolidation
ALSTOM Power Systems SA	France	100%	Full consolidation
ALSTOM Grid SAS	France	100%	Full consolidation
ALSTOM Power Service	France	100%	Full consolidation
COGELEX	France	100%	Full consolidation
ALSTOM Hydro France	France	100%	Full consolidation
ALSTOM Grid GmbH	Germany	100%	Full consolidation
ALSTOM Power Systems GmbH	Germany	100%	Full consolidation
ALSTOM T&D India Ltd	India	75%	Full consolidation
ALSTOM India Ltd	India	69%	Full consolidation
ALSTOM Services Sdn Bhd	Malaysia	100%	Full consolidation
ALSTOM Mexicana S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Power S.p.z.o.o	Poland	100%	Full consolidation
ALSTOM S&E Africa (Pty)	South Africa	100%	Full consolidation
ALSTOM Power Service (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Renovables Espana, S.L.	Spain	100%	Full consolidation
ALSTOM Power Sweden AB	Sweden	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
ALSTOM Power O&M Ltd	Switzerland	100%	Full consolidation
ALSTOM Renewable (Switzerland) Ltd,	Switzerland	100%	Full consolidation
ALSTOM Grid Enerji Endustrisi A.S.	Turkey	100%	Full consolidation
ALSTOM Middle East FZE	United Arab Emirate:	100%	Full consolidation
ALSTOM Ltd	United Kingdom	100%	Full consolidation
ALSTOM Power Inc.	USA	100%	Full consolidation
ALSTOM Grid Inc.	USA	100%	Full consolidation
POWER SYSTEMS MFG, LLC	USA	100%	Full consolidation
ALSTOM Boilers US LLC	USA	100%	Full consolidation
ALSTOM Hydro Venezuela, S.A.	Venezuela	100%	Full consolidation