Consolidated financial statements

Year ended 31 March 2016

CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Year ended 31 March 2016	31 March 2015
Sales	**(4)**	**6,881**	**6,163**
Cost of sales		(5,843)	(5,195)
Research and development expenses*	(5)	(136)	(136)
Selling expenses		(191)	(199)
Administrative expenses*		(345)	(315)
Other income/(expense)		-	(20)
Adjusted Earnings Before Interests and Taxes		**366**	**298**
Other non recurring income / (expense)	(6)	(592)	(919)
Earnings Before Interest and Taxes	**(4)**	**(226)**	**(621)**
Financial income	(7)	73	109
Financial expense	(7)	(348)	(246)
Pre-tax income		**(501)**	**(758)**
Income tax charge	(8)	(597)	8
Share of net income of equity-accounted investments	(12)	30	(64)
Of which JVs Energy		*37*	-
Net profit from continuing operations		**(1,068)**	**(814)**
Net profit from discontinued operations	(3)	4,079	113
NET PROFIT		**3,011**	**(701)**
Net profit attributable to equity holders of the parent		**3,001**	**(719)**
Net profit attributable to non controlling interests		10	18
Net profit from continuing operations attributable to:			
- Equity holders of the parent		(1,083)	(823)
- Non controlling interests		15	9
Net profit from discontinued operations attributable to:			
- Equity holders of the parent		4,084	104
- Non controlling interests		(5)	9
Earnings per share (in €)			
- Basic earnings per share	(9)	10.17	(2.32)
- Diluted earnings per share	(9)	10.09	(2.31)
Earnings per share (in €)			
- Basic earnings per share from continuing operations	(9)	(3.67)	(2.66)
- Diluted earnings per share from continuing operations	(9)	(3.64)	(2.65)
Earnings per share (in €)			
- Basic earnings per share from discontinued operations	(9)	13.84	0.34
- Diluted earnings per share from discontinued operations	(9)	13.73	0.33

(*) includes the reclassification of sustaining costs from Cost of Sales to Research and Development for €(24) million as of 31 March 2015 and €(26) million as of 31 March 2016 respectively. It also includes primarily the reclassification of IT depreciation and severance costs from Cost of Sales to Administrative costs for €(18) million as of 31 March 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
(in € million)	**Note**	**31 March 2016**	**31 March 2015**
Net profit recognised in income statement		**3,011**	**(701)**
Remeasurement of post-employment benefits obligations	(25)	(240)	(598)
Income tax relating to items that will not be reclassified to profit or loss	(8)	32	99
Items that will not be reclassified to profit or loss		**(208)**	**(499)**
of which from equity-accounted investments		-	-
Fair value adjustments on available-for-sale assets		-	(1)
Fair value adjustments on cash flow hedge derivatives		14	(34)
Currency translation adjustments		(262)	304
Income tax relating to items that may be reclassified to profit or loss	(8)	(2)	6
Items that may be reclassified to profit or loss		**(250)**	**275**
of which from equity-accounted investments		*(37)*	*(80)*
Other comprehensive income		**(458)**	**(224)**
of which attributable to discontinued operations	(3)	*(307)*	*(172)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,553**	**(925)**
Attributable to:			
- Equity holders of the parent		2,554	(954)
- Non controlling interests		(1)	29
Total comprehensive income attributable to equity shareholders arises from:			
- Continuing operations		(1,227)	(881)
- Discontinued operations		3,781	(73)
Total comprehensive income attributable to minority equity arises from:			
- Continuing operations		8	15
- Discontinued operations		(9)	14

Actuarial gains and losses and asset ceiling arising from post-employment defined benefit plans recognized in the other comprehensive income on the caption “remeasurement of post-employment benefits obligations” are, at March 2016, the following:

- €(242) million actuarial gains and losses generated (of which a €(42) million loss for continuing operations),
- €2 million asset ceiling generated (of which €2 million for continuing operations).

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

CONSOLIDATED BALANCE SHEET

(in € million)	Note	At 31 March 2016	At 31 March 2015
Goodwill	(10)	1,366	688
Intangible assets	(10)	387	444
Property, plant and equipment	(11)	655	656
Investments in joint-ventures and associates	(12)	2,588	327
Non consolidated investments	(13)	38	36
Other non-current assets	(14)	401	473
Deferred taxes	(8)	242	732
Total non-current assets		**5,677**	**3,356**
Inventories	(15)	834	821
Construction contracts in progress, assets	(16)	2,356	2,554
Trade receivables	(17)	1,613	1,470
Other current operating assets	(18)	1,118	1,957
Marketable securities and other current financial assets	(19)	22	61
Cash and cash equivalents	(20)	1,961	1,599
Total current assets		**7,904**	**8,462**
Assets held for sale	(3)	41	21,415
TOTAL ASSETS		**13,622**	**33,233**

EQUITY AND LIABILITIES

(in € million)	Note	At 31 March 2016	At 31 March 2015
Equity attributable to the equity holders of the parent	(22)	3,279	4,134
Non controlling interests		49	90
Total equity		**3,328**	**4,224**
Non-current provisions	(24)	655	283
Accrued pension and other employee benefits	(25)	487	461
Non-current borrowings	(26)	1,538	2,847
Non-current obligations under finance leases	(26)	280	341
Deferred taxes	(8)	52	11
Total non-current liabilities		**3,012**	**3,943**
Current provisions	(24)	208	1,031
Current borrowings	(26)	639	1,947
Current obligations under finance leases	(26)	47	51
Construction contracts in progress, liabilities	(16)	3,659	3,455
Trade payables		1,133	917
Other current operating liabilities	(28)	1,481	2,492
Total current liabilities		**7,167**	**9,893**
Liabilities related to assets held for sale	(3)	115	15,173
TOTAL EQUITY AND LIABILITIES		**13,622**	**33,233**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended 31 March 2016	Year ended 31 March 2015
Net profit		**3,011**	**(701)**
Depreciation, amortisation, expense arising from share-based payments and others		661	311
Post-employment and other long-term defined employee benefits		(3)	25
Net (gains)/losses on disposal of assets		(4,372)	(242)
Share of net income (loss) of equity-accounted investments (net of dividends received)		(5)	109
Deferred taxes charged to income statement	(8)	350	77
Net cash provided by operating activities - before changes in working capital		**(358)**	**(421)**
Changes in working capital resulting from operating activities	**(21)**	**(1,800)**	**726**
Net cash provided by/(used in) operating activities		**(2,158)**	**305**
Of which operating flows provided / (used) by discontinued operations	*(3)*	*(1,568)*	*163*
Proceeds from disposals of tangible and intangible assets		58	22
Capital expenditure (including capitalised R&D costs)		(514)	(756)
Increase/(decrease) in other non-current assets		23	(52)
Acquisitions of businesses, net of cash acquired		(1,994)	(50)
Disposals of businesses, net of cash sold		10,854	623
Net cash provided by/(used in) investing activities		**8,427**	**(213)**
Of which investing flows provided / (used) by discontinued operations	*(3)*	*(932)*	*593*
Capital increase/(decrease) including non controlling interests		(3,208)	15
Dividends paid including payments to non controlling interests		(12)	(10)
Issuances of bonds & notes		-	-
Repayments of bonds & notes issued		(1,875)	(780)
Changes in current and non-current borrowings		(688)	471
Changes in obligations under finance leases		(46)	(39)
Changes in marketable securities and other current financial assets and liabilities		3	7
Net cash provided by/(used in) financing activities		**(5,826)**	**(336)**
Of which financing flows provided / (used) by discontinued operations	*(3)*	*1,949*	*(193)*
Net increase/(decrease) in cash and cash equivalents		**443**	**(244)**
Cash and cash equivalents at the beginning of the period		1,599	2,276
Net effect of exchange rate variations		(87)	229
Other changes		(3)	8
Transfer to assets held for sale		9	(670)
Cash and cash equivalents at the end of the period		**1,961**	**1,599**
Income tax paid		*(211)*	*(249)*
Net of interests paid & received		*(261)*	*(238)*

(in € million)	Year ended 31 March 2016	Year ended 31 March 2015
Net cash/(debt) variation analysis (1)		
Changes in cash and cash equivalents	443	(244)
Changes in marketable securities and other current financial assets and liabilities	(3)	(7)
Changes in bonds and notes	1,875	780
Changes in current and non-current borrowings	688	(471)
Changes in obligations under finance leases	46	39
Transfer to assets held for sale	76	(387)
Net debt of acquired entities at acquisition date and other variations	(185)	185
Decrease/(increase) in net debt	2,940	(105)
Net cash/(debt) at the beginning of the period	**(3,143)**	**(3,038)**
Net cash/(debt) at the end of the period	**(203)**	**(3,143)**

(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 14), 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 2014	**308,702,146**	**2,161**	**876**	**3,964**	**(1,957)**	**5,044**	**65**	**5,109**
Movements in other comprehensive income	-	-	-	-	(235)	(235)	11	(224)
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	5	17
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**
Movements in other comprehensive income	-	-	-	-	(447)	(447)	(10)	(457)
Net income for the period	-	-	-	3,001	-	3,001	10	3,011
Total comprehensive income	**-**	**-**	**-**	**3,001**	**(447)**	**2,554**	**-**	**2,554**
Change in controlling interests and others (*)	-	-	-	(2,072)	1,871	(201)	(29)	(230)
Dividends paid	-	-	-	-	-	-	(11)	(11)
Share buy back	(91,500,000)	(641)	-	(2,578)	-	(3,219)	-	(3,219)
Issue of ordinary shares under long term incentive plans	407,167	3	-	-	-	3	-	3
Recognition of equity settled share-based payments	427,380	3	5	-	-	8	-	8
At 31 March 2016	**219,127,044**	**1,534**	**884**	**1,608**	**(747)**	**3,279**	**49**	**3,328**

(*) Following the sale of Energy activities, "Change in controlling interests and others" in the amount of €1,871 comprise mainly:

- €2,045 million of Other Comprehensive Income on pensions and €26 million of cash flow hedge, reclassified in Retained Earnings,
- €(223) million of currency translation adjustment as well as €19 million of adjustment on available for sale financial assets have been recycled in the income statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On November 2, 2015, Alstom and General Electric completed the transaction on Alstom's Energy businesses, as presented in Note 1. Further to the deal, Alstom ("the Group") is refocused on its activities in the Transport field.

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.

Alstom is one of the global leaders in rail transport equipment, systems, services, and signalling for urban, suburban, regional and mainline passenger transportation, as well as for freight transportation. Its products, which constitute one of the most complete and integrated product offerings on the market today, together with its position as a technological leader, place Alstom in a unique position through which it is able to benefit from the worldwide growth of the rail transport market.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 10 May 2016. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 5 July 2016.

Note 1. Major events

1.1. Alstom strategic move

Effective 2 November 2015, Alstom and General Electric have completed the transaction presented hereafter.

1.1.1 Finalization of the transaction between Alstom and General Electric

On 26 April 2014, the Board of Directors of Alstom received from General Electric an offer, updated on 20 June 2014, to acquire its Energy activities. The global transaction includes the following:

- the acquisition by General Electric of Thermal Power, Renewable Power and Grid activities as well as central and shared services;
- the creation of three alliances with General Electric;
- the acquisition by Alstom of most of General Electric's Signalling business.

The disposal of Energy activities to General Electric simultaneously to the investment by Alstom in three Joint alliances (Grid, Renewables and Global Nuclear & French Steam) and the acquisition of General Electric's Signalling Business lead to a net cash received of €9.0 billion including the reimbursement of the net cash out of Power and Grid entities from 1 April 2014 to 2 November 2015.

Acquisition by General Electric of the Thermal Power, Renewable Power and Grid activities

By taking over Alstom's Energy activities, General Electric undertook to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business (see also 30.2.). Cross-indemnification and asset reallocation ("wrong pocket") mechanisms, over 30 years, have been established.

In few countries, authorizations from regulatory bodies or from Joint Ventures partners are still pending (mainly in Russia). Yet, the Group has already been compensated within the transaction price for those "staggered and delayed transferred assets" and this leads to a recognition of a liability of €65 million (classified in discontinued), while waiting for the precedent condition to be met. At the end of March 2016, the assets remaining accounted for as assets held for sale represent a turnover of approximately €15 million.

The capital gain on the sale on the Energy activities net of tax and other costs has been recognized under the line “Net profit from discontinued operations” and amounts to €4.2 billion. Further features on the capital gain are detailed in Note 3.

Investment in three alliances

In the framework of the acquisition of Energy activities by General Electric, three alliances have been created:

- the Grid alliance consisting of a combination of Alstom Grid and General Electric Digital Energy businesses (Alstom holds a 50%-1 stake in each Joint venture’s share capital and voting rights);
- the Renewables alliance consisting of Alstom’s hydro, offshore wind and tidal businesses (Alstom holds a 50%-1 stake in each Joint venture’s share capital and voting rights);
- the scope of the Global Nuclear & French Steam alliance includes 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 holds 20%-1 share of the share capital into the joint venture company and has 50%-2 votes of voting rights. The French State holds a preferred share providing 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 amounts to €2.4 billion. The joint venture companies are accounted for under equity method in Alstom’s consolidated financial statements.

Furthermore, Alstom has liquidity rights through put options on its shares to General Electric with a minimum guaranteed exit price, corresponding to acquisition price and interests.

Main features on the joint ventures as well as existing options conditions are detailed in Note 12.

Acquisition by Alstom of General Electric's signalling business

The agreements entered into with General Electric provide for the acquisition by Alstom of General Electric's signalling business (GE Signalling) in the rail sector.

The acquisition by Alstom of the GE Signalling business strengthens Alstom's position in both North America and the freight market.
The acquisition of GE Signalling has been agreed at a price of € 0.7 billion (on a cash free/debt free basis) , with an adjustment based on the actual level of working capital and net debt on the date of completion of the acquisition compared to a target level.

In accordance with IFRS 3R Business Combination, the Group has recognized the assets acquired and the liabilities assumed, these being measured at fair value at the acquisition date. Accordingly, a preliminary valuation has been determined. Recognized assets and liabilities may be subsequently adjusted during a maximum of twelve months from the acquisition date, depending on new information obtained about facts and circumstances existing at the acquisition date (see also Note 3.2).

1.1.2 Public share buy-back offer

Following the closing of this global transaction with General Electric a public share buy-back offer of €3.2 billion was submitted to shareholders' approval in a shareholders' meeting on 18 December 2015. This Offer was running from 23 December 2015 to 20 January 2016. On 26 January 2016, the French Regulator AMF published the results of the Offer.

Based on these results, the Board of Director decided on the 28 January 2016 to set the total number of repurchased shares to 91,500,000 shares (at a price of €35 per share). The Board decided also to cancel the 91,500,000 shares so repurchased and set the amount of the capital reduction to 640,500,000 euros (nominal value €7 per share). The Board acknowledged also that the difference between the nominal value and the repurchase price of the cancelled securities was representing a premium of 28 euros per share and decided to deduct such premium together with the fees and taxes relating to the share buyback offer from "retained earnings" caption.

1.2. Other major events

1.2.1 Acquisition of additional stake (50%) in Signalling Solutions Ltd (SSL)

On 27 May 2015, Alstom has signed an agreement to buy Balfour Beatty's share of Signalling Solutions Ltd (SSL), a 50-50 joint-venture between Alstom and Balfour Beatty established in 2007 to provide advanced Signalling solutions to the UK and Ireland's rail sectors.

The transaction was performed for a total consideration of €30 million. The purchase price allocation exercise will be finalized within the twelve months following the acquisition date.

1.2.2 Acquisition of additional stake (8%) in Transmashholding (TMH)

On 29 December 2015, Alstom purchased an additional 8% shares in Transmashholding (TMH) from the Russian Railways (RZD) for €54 million. Following the deal, Alstom's stake in TMH reaches 33%. Alstom still accounts TMH under the equity method at the year-end (see also Note 12) since it retains a significant influence over the company.

The deal will boost Alstom and TMH's intense collaboration, as the partners expand their objective beyond providing high-performing trains to delivery turnkey railway projects, infrastructure and signalling, as well as the export of products and components.

TMH manufactures mainline and urban trains, marine and stationary diesel engines, and casting. The company also provides rolling stock repairs. TMH is the largest railway engineering company in Commonwealth of Independent States (CIS) in terms of sales volume and one of the largest manufacturers in the world.

Note 2. Accounting policies

2.1 Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2016, 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 2016;

- using the same accounting policies and measurement methods as at 31 March 2015, with the exceptions of:
    - changes required by the enforcement of new standards and interpretations and
    - changes of presentation adopted by Alstom to better reflect the Group's financial performance :
        - former indicator "Income from Operations" suppressed,
        - sustaining costs reclassified from costs of sales to R&D,
        - IT depreciation and severance costs reclassified from cost of sales to administrative costs.

The information relating to consolidated financial statements for the fiscal year ended 31 March 2015, presented in the 2014/15 registration document D.15-0525 filed with the AMF on 21 May 2015 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 2015

Levies (IFRIC 21)

IFRIC 21, levies provides interpretative guidance on the accounting for an obligation to pay a levy (tax contribution) based on the recognition criteria in IAS 37, Provisions, Contingent Liabilities and Contingent Assets.
This interpretation states that a liability to pay a levy must be recognized only when the obligating event in accordance with the relevant legislation has occurred.
The Group applied, for the first time, IFRIC 21 from 1 April 2015. The effects as of end of March 2015 and March 2016 on Balance Sheet and Profit & Loss are deemed not to be material.

Others:

- Annual improvements to IFRSs 2010-2012 Cycle;
- Annual improvements to IFRSs 2011-2013 Cycle;
- Defined Benefit Plans: Employee contributions (amendments to IAS 19).

The other amendments effective as of 1 April 2015 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 not yet mandatorily applicable

- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11);
- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38);
- Annual Improvements to IFRS 2012-2014 Cycle;
- Disclosure Initiative (amendments to IAS 1);
- Equity Method in Separate Financial Statements (amendments to IAS 27).

All these amendments will be effective as of 1 April 2016 for Alstom and the potential impacts of these new pronouncements are 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 1 January 2018 and transition guidance (amendments to IFRS 9 and IFRS 7);
  - Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39;
- Leases (IFRS 16): the standard will be applicable for annual periods beginning after 1 January 2019;
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12): the amendment will be applicable for annual periods beginning after 1 January 2017;
- Disclosure Initiative (Amendments to IAS 7): the amendment will be applicable for annual periods beginning after 1 January 2017;
- IFRS15 Revenue from contracts with customers: this standard will be applicable for annual periods beginning after 1 January 2018 and is currently being analysed in term of induced changes and potential financial impacts.
  Alstom’s revenue recognition is mostly based on milestone method due to its long term contract activity and could be impacted by the application of this new standard. It has not yet been decided if Alstom will use full retrospective application or alternative retrospective application.

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 group of cash generating unit 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.

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 expenses 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 has the possibility to participate 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 IFRS framework.

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.

According to IAS 28, if the financial statements of an associate used in applying the equity method are prepared as of a different date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the end of the reporting period of the associate and that of the investor shall be no more than three months.

According to IAS 39, liquidity rights related to Energy alliances are booked at fair market value without external model based on observable factors, taking into account internal assumptions. These put options are considered and accounted for by the Group as share derivatives under cash flow hedge. This liquidity rights are accounted for as part as the joint venture caption.

Cash flow hedge

When cash flow hedge applies, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

If a hedge of a forecast transaction subsequently resulting in the recognition of a non-financial asset qualifies for cash flow hedge, then the entity shall reclassify the associated gains and losses that were recognized in other comprehensive income to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

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 3R.

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 (please refer to Note 3.1.):

- 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;
- Consequently, 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

Further to the deal, an analysis of the Operating segments and the Group's Chief Operating Decisions Maker (CODM) has been driven due to a change in organization and reporting.

The Alstom Executive Committee has been identified as the new CODM assessing performance and allocating resources.
Due to a new organization, customer focused and also influenced by an increasing number of integrated services, leading to complete and turnkey solutions, financial information issued is presented through various axes of analysis (regions, sites, contracts, functions and products). None of these axes allow for a comprehensive operating profit and loss measure nor segment assets and liabilities.

This new reporting issued to CODM presents Key performance Indicators at Group level. Strategic decisions and resource allocation are driven based on this new reporting. As a consequence, the segment information has been adapted accordingly at group level.

Moreover, performance of the Energy joint ventures, accounted for under the equity method, can be followed separately.

The methods used to measure the key performance indicators for internal reporting purposes are the same as those used to prepare the consolidated financial statements (see also Note 4).

Further to the new organization implemented, Adjusted EBIT (hereafter aEBIT) became the new Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with Market Practice and comparable to direct competitors.

aEBIT corresponds to Earning Before Interests, Tax and Net result from Equity Method Investments adjusted with the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangible impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- and any other non-recurring items, such as costs incurred to realize business combinations and amortization of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business.

A non-recurring item is a “one-off” exceptional item that is not supposed to be reappearing in following years and that is significant.

To allow comparability, last year Key Performance Indicator has been restated consistently and the bridge of non-GAAP measure has been established for current and comparative periods.

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. 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 according to IAS 11 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 2.3.10). Research and Development costs cover also product sustainability costs booked when incurred.

Selling and administrative expenses are recorded as incurred.

2.3.7. Other non-recurring income and expenses

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

Other non-recurring 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 non-recurring expenses 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 realize business combinations and amortisation expense of assets exclusively acquired in the context of business combinations (technology, customer relationship, margin in backlog, 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 some initiatives still in place especially to face New Alstom organization, in several countries, adapting the structures to the new size of the Group (especially after Transition Service Agreement with General Electric termination in some country/region) and adapting the operational organization to the New Alstom. Those costs are incremental ones and are incurred on a short-term period.

2.3.8. 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);
- Cost of hedging and foreign exchange gain and losses;
- Other income or expense from cash and cash equivalents and marketable securities.

2.3.9. 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. Provided 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 are mainly corresponding to fair value hedge in case of hedge of the exposure attributable to recognised assets, liabilities or firm commitments.

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.

2.3.10. 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 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 expenses.

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.

2.3.11. 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.

2.3.12. 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.
In the Group, goodwill cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the entity at which the goodwill is monitored for internal management purposes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated.

Due to new organization and the increasing number of integrated services leading to complete and global turnkey solutions, financial information issued is presented through various axes of analysis (regions, sites, contracts, functions, products). Free Cash Flow, basis of the impairment tests of goodwill is only relevant at Group level. Therefore, goodwill acquired in case of business combinations is only monitored and ultimately tested at group level.

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.

2.3.13. 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 2.3.9. for foreign currency hedging instruments and Note 2.3.19. 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 Earnings Before Interests and Taxes.

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.

2.3.14. 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.

2.3.15. Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments. In order to be considered as cash equivalent, an investment must be readily convertible to a known amount of cash and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.
Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.
Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.3.16. 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.

2.3.17. 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.

2.3.18. 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 2.3.9 for foreign currency hedging instruments and Note 2.3.19 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.

2.3.19. Interest rate derivatives

Also the Group was not engaged in any interest rate derivative as of 31 March 2016, 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.

2.3.20. 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 or the Monte Carlo model for plan issued in 2016. 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 Earnings Before Interests and Taxes 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.

2.3.21. 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 Earnings Before Interests and Taxes. 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).

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.

2.3.22. 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.

2.3.23. 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 redeemable into 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).

2.3.24. Presentation of consolidated financial statements

The consolidated financial statements are presented in millions of Euros.

Note 3. Major changes in scope of consolidation

3.1. Assets held for sale and discontinued operations

On 2 November 2015, General Electric definitively acquired the Thermal Power, Renewable Power and Grid activities as well as central and shared services (legal entities Alstom and Alstom Holdings have not been disposed) (the "Energy Business").

Authorizations required from a regulatory and merger control standpoint have been obtained in nearly all countries.
The remaining entities have been submitted to authorization in a limited number of countries mainly in Russia on strategic assets (specific filings).

The Group has already been compensated within the transaction price for those "staggered and delayed transferred assets". At the end of March 2016, the assets remain accounted for as assets held for sale, while waiting for the precedent condition to be met.

At the end of March 2016, the capital gain net of tax and other costs on the Energy businesses has been recognized under the line "Net profit from discontinued operations" and is detailed below.

3.1.1. Capital gain on the sale of Energy

In compliance with IFRS 10, the calculated capital gain is the gain on the portion retained through the three alliances in addition to the gain on the portion no longer owned. Moreover, in accordance with IFRS 5, the capital gain on the sale of the Energy activities was calculated as the difference between the global consideration received including deal costs and assumptions on future estimated liabilities and the value of Energy's net assets, as recorded in Alstom's Consolidated Financial Statements on the date of the sale as of the 2 November 2015.
On this basis, the capital gain on the sale of the Energy activities amounts to €4,207 million after taxes, recognized in the Consolidated Income Statement under the line "Net profit from discontinued operations". Tax costs of the deal amount to €128 million (of which €72 million accounted for in Fiscal Year 2014 / 2015).

3.1.2. Financial statements of discontinued operations

In compliance with IFRS 5, the line "Net profit from discontinued operations" presented in Alstom's Consolidated Income Statement includes the operations of Energy activities (since June 2014 and until the date of the sale on 2 November 2015 except for staggered and delayed transferred assets that remain accounted for as discontinued operations until their effective transfer to General Electric), as well as the capital gain net of tax on the sale with respect to these activities and the incremental costs directly attributable to the disposal.

- **Aggregated income statement**

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
Sales	**7,405**	**13,330**
Pre-tax income	**(98)**	**454**
Income tax charge	(26)	(343)
Share of net income of equity-accounted investments	(4)	2
Gain on sale of Energy activities (net of tax)	**4,207**	
NET PROFIT FROM DISCONTINUED OPERATIONS	**4,079**	**113**
Attributable to:		
- Equity holders of the parent	4,084	104
- Non controlling interests	(5)	9

Accounting methods and principles applicable to discontinued operations are identical to those used as of 30 September 2015.

Other comprehensive income

As detailed in the consolidated statement of changes in equity, and further to the sale of the Energy activities, €2,045 million of other comprehensive income on pensions and €26 million of cash-flow hedge have been reclassified to Retained earnings. €(223) million of currency translation adjustment as well as €19 million of adjustments on available for sale financial assets have been recycled in the income statement as at 31 March 2016.

- **Aggregated Balance-sheet**

In compliance with IFRS 5, the lines "Assets held for sale" and "Liabilities held for sale" presented in Alstom's Consolidated Statement of Financial Position report the contribution of discontinued operations at the closing date: All Energy activities are concerned at the end of March 2015.

At the end of March 2016, remain only the staggered and delayed transferred assets. They are primarily located in Russia, Brazil, China.

(in € million)	At 31 March 2016	At 31 March 2015
Total non-current assets	17	10,674
Total current assets	23	10,071
Cash and cash equivalents	1	670
TOTAL ASSETS HELD FOR SALE	41	21,415

(in € million)	At 31 March 2016	At 31 March 2015
Total non-current liabilities (excluding financial debt)	22	2,382
Total current liabilities (excluding financial debt)	16	12,504
Financial debt	77	287
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	115	15,173

- **Aggregated statement of cash-flow**

In accordance with IFRS 5, the line "Cash Flows of discontinued operations" of Alstom's Consolidated Statement of Cash Flows takes into account the Energy activities (until its effective sale on 2 November 2015) as well as the cash flows of staggered and delayed transferred assets, until their effective transfer to General Electric.

(in € million)	Year ended 31 March 2016	Year ended 31 March 2015
Operating flows provided / (used) by discontinued operations	(1,568)	163
Investing flows provided / (used) by discontinued operations	(932)	593
Financing flows provided / (used) by discontinued operations	1,949	(193)

Flows provided / (used) by discontinued operations include internal dividends, investments acquisitions, as well as internal flow related to capital increase between discontinued and continued activities as part of the deal structuration.

- **Contingent liabilities**

Upon completion of the General Electric transaction, the bonds issued to support the Energy business have been generally transferred to General Electric, which has taken over the relating parental counter guarantees. However, as of 31 March 2016, this transfer remains in progress for bonds and sureties amounting to €0.4 billion.

In addition, the Group remains, in close relationship with General Electric, in the process of obtaining the release of some conditional and unconditional parent company guarantees formerly issued, mainly by Alstom Holdings SA, to cover obligations of the former Energy affiliates in an amount of €29.3 billion.

The Group benefits from a general indemnification from General Electric in these matters.

3.2. Signalling Business acquisition

As described in Note 1.1.1, Alstom acquired General Electric signalling business.

This acquisition is part of the global General Electric transaction. In accordance with IFRS 3R, the fair value of the consideration transferred for the acquisition of the Signalling business has been estimated to €0.6 billion.

In accordance with IFRS 3R, the Group has recognised the assets acquired and liabilities assumed, these being measured at fair value at the acquisition date.

Accordingly, a preliminary valuation has been determined. Recognised assets and liabilities may be subsequently adjusted during a maximum of twelve months from the acquisition date, depending on new information obtained about the facts and circumstances existing at the acquisition date.

Preliminary aggregated fair value of assets acquired and liabilitie assumed of the General Electric Signalling business at the date of acquisition

(in € million)

Total non-current assets	181
Preliminary aggregated fair value of assets acquired and liabilitie assumed of the General Electric Signalling business at the date of acquisition	(96)
Total assets	**85**
Total non-current liabilities	83
Total current liabilities	62
Total liabilities	**145**
Fair value of assets/ (liabilities) attributable to the shareholders of the group	**(60)**
Consideration price	**578**
Provisional goodwill	**638**

The preliminary valuation of assets acquired and liabilities assumed at their fair value has resulted in the recognition of new intangible assets (technologies, order backlog margin (for products and projects) and customer relationships), the re-measurement of tangible assets, inventories and liabilities as well as deferred tax assets recognition.

The resulting and preliminary goodwill amounts to €638 million and is mainly supported by the leadership position of General Electric's signalling business in both North America and the freight market and by expected synergies between General Electric and Alstom signalling Businesses. Indeed, GE Signalling's activities are complementary to those of Alstom. The acquisition by Alstom of the GE signalling business will strengthen Alstom's position in both North America and the freight market.

For the period between the acquisition date (4 November 2015) and 31 March 2016, GE Signalling contributed €133 million to sales and €7 million to EBIT.

Note 4. Segment information

As described in note 2.3.5., the financial information of the New Alstom Group is regularly reviewed by the Executive Committee, identified as Chief Operating Decision Maker, for assessing performance and allocating resources. This new reporting presents Key performance Indicators at Group level with different axes of analysis. Strategic decisions and resource allocation are driven based on this new reporting. As a consequence, the segment information has been adapted accordingly at group level.

The Group decided to introduce a new non Gaap measure: adjusted EBIT, starting fiscal year 2015/2016 to follow its performance.
To allow comparability, last year Key Performance Indicator has been restated accordingly.

4.1. Key non-GAAP and Gaap indicators

The non-GAAP measure adjusted EBIT (aEBIT hereafter) indicator reconciles with the GAAP measure EBIT, for fiscal years 2015/2016 and 2014/2015 as follows:

(In € million)	**At 31 March 2016**	**At 31 March 2015**
Earnings Before Interest and taxes	**(226)**	**(621)**
Restructuring costs	(138)	(106)
Assets impairment	(398)	(54)
PPA and integration costs	(43)	-
Others	(13)	(759)
Adjusted EBIT	**366**	**298**
Capital Employed	**3,901**	**857**

Capital employed corresponds to hereafter-defined assets minus liabilities.

- Assets : 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.
- Liabilities : sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities.

Increase in capital employed between March 2015 and March 2016 is mainly explained by the investment in the three Energy alliances and in signalling acquisitions.

4.2. Key indicators by geographic area

Sales by country of destination

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015 (*)**
Europe	4,098	4,255
of which France	*1,303*	*1,284*
Americas	1,055	739
Asia & Pacific	673	449
Middle-East & Africa	1,055	720
TOTAL GROUP	**6,881**	**6,163**

(*) compared with FY 2014 / 2015 financial statements, Azerbaijan, Kazakhstan were represented and moved from Europe to Middle East/Africa

Non-current assets by country of origin

(in € million)	**At 31 March 2016**	**At 31 March 2015 (*)**
Europe	1,137	1,331
of which France	*504*	*741*
Americas	168	54
Asia / Pacific	150	141
Middle East / Africa	58	19
TOTAL EXCLUDING ALLIANCES AND GOODWILL	**1,513**	**1,545**
ALLIANCES AND GOODWILL	3,603	688
TOTAL GROUP	**5,116**	**2,233**

(*) compared with FY 2014 / 2015 financial statements, Azerbaijan, Kazakhstan were represented and moved from Europe to Middle East/Africa

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.

4.3. Sales by product

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
Trains	3,146	3,308
Services	1,544	1,251
Systems	1,015	683
Signalling	1,162	897
Other	14	24
TOTAL GROUP	**6,881**	**6,163**

4.4. Information about major customers

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

Note 5. Research and development expenditure

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
RESEARCH AND DEVELOPMENT SPENDING	**(156)**	**(140)**
Development costs capitalised during the period	73	67
Amortisation expense of capitalised development costs	(53)	(63)
RESEARCH AND DEVELOPMENT EXPENSES (IN P&L)	**(136)**	**(136)**

During fiscal year 2015/16, Alstom invested €156 million in research and development mainly allocated to the development and the provision of sustainable solutions at reasonable costs as the recent CITADIS™ tramway X05 which aims to address the growing Light Rail Vehicle (LRV) market through its higher modularity, new functionalities, better passenger experience and enhanced performances. The research and development costs also included Alstom's predictive maintenance programme and the further development of its signalling solutions.

The research and development programmes relate to the broadening and strengthening of the company's product offering for Transport applications.

Note 6. Other income and other expense

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
Capital gains/ (losses) on disposal of businesses	38	(12)
Restructuring and rationalisation costs	(138)	(106)
Impairment losses and other	(492)	(801)
OTHER INCOME / (EXPENSE)	**(592)**	**(919)**

At 31 March 2016, capital gains on disposal of assets concerns primarily the impact of the remeasurement of the interests previously held in SSL in compliance with IFRS 3R (see Note 1.2) for an amount of €37 million.

As at 31 March 2016, restructuring and rationalization costs, for an amount of €(138) million, derive primarily from:

- Announced and detailed plans, mainly in Europe;
- Facilities rationalization and competitiveness programs;
- Move in the geographical strategy to adapt the Group's footprint to market evolution (notably in Russia).

As at 31 March 2016, impairment losses and other represent mainly:

- €(398) million of non-recurring impairment losses on assets;
  - €(200) million in France mostly due to reduced commercial opportunities impacting workload visibility and leading to tangible and intangible impairments;
  - €(78) million of non-recurring impairment loss related to specific product AGV, due to new developments on the range of very high speed trains;
  - €(120) million of adaptation to new situations in different countries (notably Brazil) also leading to assets impairment;
- €(43) million including Purchase Price Allocation amortization linked to SSL and GE Signalling business combination as well as integration & acquisition costs linked to GE Signalling;
- €(51) million of net costs and re-measurement associated with legal proceedings that have arisen outside of the ordinary course of business.

Note 7. Financial income (expense)

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
Interest income	11	12
Interest expense on borrowings	(225)	(193)
NET FINANCIAL INCOME/(EXPENSES) ON DEBT	**(214)**	**(181)**
Interest expense recharged to the discontinued operations	53	76
Net cost of foreign exchange hedging	(63)	13
Net financial expense from employee defined benefit plans (see note 25)	(10)	(14)
Other financial income/(expense)	(41)	(31)
NET FINANCIAL INCOME/(EXPENSES)	**(275)**	**(137)**

Net financial income/(expenses) on debt represent the cost of borrowings net of income from cash and cash equivalents.

As at 31 March 2016, interest income, representing the remuneration of the Group's cash positions over the period, totals €11 million, while interest expenses total €(225) million. Interest expenses represent the cost of the external gross financial debt of the Group including the difference between the repurchase price and the amortized cost of the bonds repurchased following a public tender offer in an amount of €(67) million (see Note 26).

Interest expense recharged to the discontinued operations until 2 November 2015 amounts to €53 million in application of the cash pool agreements.

The net financial expense from employee defined benefit plans of €(10) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate.

The net cost of foreign exchange hedging of €(63) million includes :

- For €(29) million : primarily the cost of carry of foreign exchange swaps implemented to hedge the intercompany loans, deposits and cash pooling positions and the loss on non hedgeable currencies (Kazakhstan tenge);
- For €(17) million: the realized and unrealized (i.e. their change in market value) forward points relating to hedging Group's strategies;
- Foreign exchange options premiums paid to protect new contracts at pre-award stage.

Other net financial income/expense of €(41) million include mainly bank fees and commitment fees paid on bonds and guarantees facilities, syndicated loans and revolving facilities for €(30) million. The full amortization of upfront fees and waiver fees incurred on former banking facilities that have been cancelled upon GE transaction closing amount of €(23) million.

Note 8. Taxation

8.1. Analysis of income tax charge

The following table summarises the components of income tax charge:

	Year ended	
(in € million)	**31 March 2016**	**31 March 2015**
Current income tax charge	(67)	(45)
Deferred income tax charge	(530)	53
Income tax charge	**(597)**	**8**

Income tax charge of the year is mainly impacted by derecognition of 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. It reflects also tax losses carried forward.

Changes in recognition of deferred tax assets take into account:
- new evolution in the market especially in France;
- final deal structuring as well as debt management following the deal.

Moreover, the new size of the Group in some jurisdictions tends to lower the visibility upon recoverability of deferred tax.

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 2016**	**31 March 2015**
Pre-tax income	**(501)**	**(758)**
Statutory income tax rate of the parent company	34.43%	34.43%
Expected tax charge	**172**	**261**
Impact of:		
- Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	19	2
- Changes in unrecognised deferred tax assets	(702)	7
- Changes in tax rates	(9)	(7)
- Additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(21)	(19)
- Permanent differences and other (1)	(56)	(236)
Income tax charge	**(597)**	**8**

(1) Including impact of the agreement with the DOJ for an amount of €(248) million as at 31 March 2015 and mainly Corporate tax risk as at 31 March 2016

8.2. Deferred tax assets and liabilities

	Year ended	
(in € million)	**At 31 March 2016**	**At 31 March 2015**
Deferred tax assets	242	732
Deferred tax liabilities	(52)	(11)
DEFERRED TAX ASSETS, NET	**190**	**721**

The following table summarises the significant components of the Group's net deferred tax assets:

(in € million)	At 31 March 2015	Change in P&L	Change in equity (1)	Translation adjustments and other changes	At 31 March 2016
Differences between carrying amount and tax basis of tangible and intangible assets	70	(61)	-	6	15
Accruals for employee benefit costs not yet deductible	67	(26)	(7)	(2)	32
Provisions and other accruals not yet deductible	148	(94)	-	19	73
Differences in recognition of margin on construction contracts	(16)	(9)	-	1	(24)
Tax loss carry forwards	489	(400)	-	(2)	87
Other	(37)	60	-	(16)	7
NET DEFERRED TAX ASSETS/(LIABILITIES)	**721**	**(530)**	**(7)**	**6**	**190**

(1) Mainly related to actuarial gains and losses directly recognised in equity

(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**

(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

The assessment of the ability to recover net deferred tax assets at 31 March 2016 (€190 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 €1,125 million at 31 March 2016 (€400 million at 31 March 2015). Most of these unrecognised deferred taxes are originated from tax losses carried forward (€791 million at 31 March 2016 and €363 million at 31 March 2015), out of which €606 million are not subject to expiry at 31 March 2016 (€182 million at 31 March 2015).

Note 9. Earnings per share

9.1. Earnings

(in € million)	Year ended 31 March 2016	Year ended 31 March 2015
Net Profit attributable to equity holders of the parent :		
- From continuing operations	(1,083)	(823)
- From discontinued operations	4,084	104
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**3,001**	**(719)**

9.2. Number of shares

	Year ended	
	31 March 2016	31 March 2015
Weighted average number of ordinary shares used to calculate basic earnings per share (see Note 22)	**295,034,182 (*)**	**309,364,543**
Effect of dilutive instruments other than bonds reimbursable with shares:		
- Stock options and performance shares (LTI plan)	2,476,084	1,749,335
- Performance shares (Alstom Sharing plans)		-
Weighted average number of ordinary shares used to calculate diluted earnings per share (see Note 22)	**297,510,266**	**311,113,878**

(*) The weighted average number of ordinary shares was impacted by share buyback for 15,250,000 shares.

The number of shares used for the Earning Per Share computation is influenced by the share buyback settled on 28 January 2016 as 91,500,000 shares have been repurchased and cancelled on the same date, inducing a mechanical dilution on two months only.

9.3. Earnings per share

	Year ended	
(in €)	31 March 2016	31 March 2015
Basic earnings per share	10.17	(2.32)
Diluted earnings per share	10.09	(2.31)
Basic earnings per share from continuing operations	(3.67)	(2.66)
Diluted earnings per share from continuing operations	(3.64)	(2.65)
Basic earnings per share from discontinued operations	13.84	0.34
Diluted earnings per share from discontinued operations	13.73	0.33

Note 10. 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.

10.1. Goodwill

(in € million)	At 31 March 2015	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2016
GOODWILL	**688**	**701**	**-**	**(23)**	**1,366**
Of which:					
Gross value	688	701	-	(23)	1,366
Impairment	-	-	-	-	-

Movements over the period ended 31 March 2016 mainly arose from:

- the preliminary calculation of the Goodwill of GE Signalling (see Note 3) for an amount of €638 million ;
- the Goodwill of SSL after purchase of 50% additional stake for an amount of €63 million.

(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	-	-	-	-	-	-

Goodwill impairment test

As of 31 March 2016, Alstom tested the value of goodwill applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount exceeded its carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use 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 Group.

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 Adjusted EBIT margin (corresponding to the ratio aEBIT over Sales).

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

Net carrying amount of goodwill at 31 March 2016 (in € million)	1,366
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 2016	**1.5%**
Long-term growth rate at 31 March 2015	1.5%
After tax discount rate at 31 March 2016 (*)	**8.5%**
After tax discount rate at 31 March 2015 (*)	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)		
	-25 bp	*+25 bp*
aEBIT Margin	(150)	150
	-25 bp	*+25 bp*
After tax discount rate	208	(193)
	-10 bp	*+10 bp*
Long-term growth rate	(64)	66

As of 31 March 2016, the recoverable amount 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.

10.2. Intangible assets

(in € million)	At 31 March 2015	Additions / disposals / amortisation	Reclassifications and other changes	Acquisition through business combination	At 31 March 2016
Development costs	1,039	68	(6)	14	1,115
Acquired technology	-	-	-	-	-
Other intangible assets	168	(8)	(1)	166	325
Gross value	**1,207**	**60**	**(7)**	**180**	**1,440**
Development costs	(662)	(239)	6	(10)	(905)
Acquired technology	-	-	-	-	-
Other intangible assets	(101)	(41)	2	(8)	(148)
Amortisation and impairment	**(763)**	**(280)**	**8**	**(18)**	**(1,053)**
Development costs	377	(171)	-	4	210
Acquired technology	-	-	-	-	-
Other intangible assets	67	(49)	1	158	177
NET VALUE	**444**	**(220)**	**1**	**162**	**387**

Movements over the period ended 31 March 2016 mainly arose from:

- the preliminary purchase price allocation further to the acquisition of GE Signalling for an amount of €137 million;
- the preliminary purchase price allocation further to the acquisition of the complementary 50% of SSL for an amount of €25 million;
- the recognition of impairments of development costs for an amount of €214 million, including €78 million related to AGV technology.

(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)*	-

Note 11. Property, plant and equipment

(in € million)	At 31 March 2015	Acquisitions/ amortisation / impairments	Disposals	Reclassifications and other changes	Acquisition through business combination	At 31 March 2016
Land	53	31	(2)	5	-	87
Buildings	629	58	(19)	3	17	688
Machinery and equipment	719	30	(30)	(11)	19	727
Constructions in progress	53	14	-	(10)	1	58
Tools, furniture, fixtures and other	234	22	(16)	11	6	257
Gross value	**1,687**	**155**	**(67)**	**(1)**	**43**	**1,817**
Land	(8)	(2)	(1)	2	-	(9)
Buildings	(318)	(96)	15	3	(9)	(405)
Machinery and equipment	(526)	(58)	26	18	(13)	(553)
Constructions in progress	(9)	(6)	-	-	-	(15)
Tools, furniture, fixtures and other	(171)	(28)	15	5	(1)	(180)
Amortisation and impairment	**(1,031)**	**(190)**	**55**	**27**	**(23)**	**(1,162)**
Land	45	29	(3)	7	-	78
Buildings	311	(38)	(4)	6	8	283
Machinery and equipment	193	(28)	(4)	7	6	174
Constructions in progress	44	8	-	(10)	1	43
Tools, furniture, fixtures and other	63	(6)	(1)	16	5	77
NET VALUE	**656**	**(35)**	**(12)**	**26**	**20**	**655**

An impairment loss of €(130) million has been recognized due to the adaptation of the Group footprint to the market evolution, notably in France.

(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)*	-

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

(in € million)	At 31 March 2016	At 31 March 2015
Land	5	13
Buildings	21	24
Machinery and equipment	-	-
Tools, furniture, fixtures and other	2	1
NET VALUE OF TANGIBLE ASSETS HELD UNDER FINANCE LEASES	**28**	**38**

Commitments to purchase fixed assets amount to €15 million at 31 March 2016.

Note 12. Investments in Joint Ventures and Associates

Financial information

	Share in equity		Share of net income	
(in € million)	At 31 March 2016	At 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Associates	**2,551**	**313**	**51**	**(46)**
Joint ventures	**37**	**14**	**(25)**	**(16)**
TOTAL	**2,588**	**327**	**26**	**(62)**
		of which continued	*30*	*(64)*
		of which discontinued	*(4)*	*2*

Movements during the period

(in € million)	At 31 March 2016	At 31 March 2015	
Opening balance	**327**	**545**	
Share in net income of equity-accounted investments	32	20	
Impairment	(6)	(82)	(*)
Share in net income of equity-accounted investments	26	(62)	
Dividends	(21)	(47)	
Acquisitions	2,314	19	
Changes in consolidation method	12	-	
Translation adjustments and other	(73)	(42)	
Transfer to assets held for sale	3	(86)	
Closing balance	**2,588**	**327**	

(*) At 31 March 2015, impairment relates primarily to "The Breakers Investments BV" / TMH

At 31 March 2016, acquisition caption includes primarily the stake in the three Energy alliances (detailed in 12.1), the additional stake of 8% in The Breakers Investments BV / TMH.

12.1. Investment in associates

		Share in equity		Share of net income	
(in € million)	% Ownership	At 31 March 2016	At 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Grid Alliance	50%	1,478		(15)	
Renewable Alliance	50%	547		(38)	
Nuclear Alliance	20%	117		(1)	
Put Alliances		94		91	
The Breakers Investments B.V.	33%	214	208	(10)	(38)
Other		101	105	24	(8)
Associates		**2,551**	**313**	**51**	**(46)**

a. Main associates

<u>The three Energy Alliances</u>

Main features on each alliance are detailed in the table below:

	JV Nuclear (Global Nuclear and French Steam)	JV Grid (Alstom Grid + GE Digital Energy)	JV Renewable (Hydro + offshore Renewable)
Alstom investment in capital	€0.1 billion 20% - one share	€1.7 billion 50% - one share	€0.6 billion 50% - one share
Alstom voting rights	50% - 2 votes	50% - one share	50% - one share
Governance (Board)	Alstom : 50% - one member GE : 50% French State : 1 member CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)	Alstom : 50% GE : 50% CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)	Alstom : 50% GE : 50% CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)
Specific rights	French State : Veto Right on specific issues	Alstom consent protective rights (material amendments, changing shares, material related party transactions, …)	Alstom consent protective rights (material amendments, changing shares, material related party transactions, …)
Put option	Lock up period : 5 years Put option to sell its shares to GE during first quarter following the 5th and 6th year Exit value : highest of minimum acquisition price + 2% per year or fair value (based on contractual multiple x operating results)	If no IPO completed by 1 September 2018 or 2019, Alstom can exercise the put at any time between 1 and 30 September 2018 or 1 and 30 September 2019. Exit value : highest between Minimum acquisition price + 3% per year or fair value (based on contractual multiple x operating results)	If no IPO completed by 1 September 2018 or 2019, Alstom can exercise the put at any time between 1 and 30 September 2018 or 1 and 30 September 2019. Exit value : highest between Minimum acquisition price + 3% per year or fair value (based on contractual multiple x operating results)
Call option	If Alstom exercises its put options in the JV Grid and the JV Renewable, at any time during two months GE has a call on the Nuclear JV		Call option to buy GE's shares (60% up to 100%) at any time between 1 and 31 May on 2016 to 2019

For practical reason, to be able to get timely and accurate information, data as of 31 December will be retained and booked within Alstom 31 March accounts. The length of the reporting periods and any difference between the ends of the reporting periods will remain the same from period to period to allow comparability and consistency.

The investments in Energy alliances include liquidity rights through put options on its shares to General Electric with a minimum guaranteed exit price. Alstom Group can exercise these liquidity rights in September 2018 or in September 2019 for Renewable and Grid Alliances and 3 months after the 5th and 6th anniversary for Nuclear Alliance. However, if put options were exercised jointly for Renewable and Grid alliances, then call option would be exercised by General Electric for Nuclear Alliance.

The Group booked these liquidity rights in compliance with IAS39. Their valuation is based on the following assumptions:

- the Group would exercise these puts during the period from 1 to 30 September 2018;
- the exit value will be the acquisition price +3% per annum on Grid and Renewable Alliance, acquisition price +2% per annum on Nuclear Alliance.

- **Grid Alliance**

Summarized combined financial information (at 100%) presented below are the figures as of 31 December and are established in accordance with IFRS. These financial statements, are established in USD and were converted to euros, based on the exchange rates used by the Group, as of 31 March.

Balance sheet

(in € million)	**At 31 December 2015**	
Non-current assets	4,481	(1)
Current assets	4,152	
Total assets	**8,633**	
Equity-attributable to the owners of the parent company	2,955	
Equity-attributable to non-controlling interests	446	
Non current liabilities	1,152	
Current liabilities	4,080	
Total equity and liabilities	**8,633**	

(1) of which preliminary goodwill : €116 million

Income statement

(in € million)	**Year ended 31 December 2015**
Sales	577
Net income from continuing operations	**(29)**
Share of non-controlling interests	**-**
Net income attributable to the owners of the parent company	**(29)**
Other comprehensive income	-
Total comprehensive income	**(29)**

Reconciliation on carrying value

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

(in € million)	**At 31 March 2016**
Net asset of Grid Alliance at 31 December 2015	2,955
Net asset of Grid Alliance at 31 December 2015	**2,955**
Equity interest held by the Group	50%
Carrying value of the Group's interests in Grid Alliance	**1,478**

(in € million)	**Year ended 31 March 2016**
Net income of Grid Alliance for the year ended 31 December 2015	(29)
Net income of Grid Alliance for the year ended 31 December 2015	**(29)**
Equity interest held by the Group	50%
Group's share in the net income of Grid Alliance	**(15)**

- **Renewable Alliance**

Summarized combined financial information (at 100%) presented below are the figures as of 31 December and are established in accordance with IFRS. These financial statements, are established in USD and were converted to euros, based on the exchange rates used by the Group, as of 31 March.

Balance sheet

(in € million)	**At 31 December 2015**	
Non-current assets	2,996	(1)
Current assets	1,967	
Total assets	**4,963**	
Equity-attributable to the owners of the parent company	1,093	
Equity-attributable to non-controlling interests	32	
Non current liabilities	459	
Current liabilities	3,379	
Total equity and liabilities	**4,963**	

(1) of which preliminary goodwill : €43 million

Income statement

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

(in € million)	**Year ended 31 December 2015**
Sales	49
Net income from continuing operations	**(76)**
Share of non-controlling interests	
Net income attributable to the owners of the parent company	**(76)**
Other comprehensive income	-
Total comprehensive income	**(76)**

Reconciliation on carrying value

(in € million)	**At 31 March 2016**
Net asset of Renewable Alliance at 31 December 2015	1,093
Net asset of Renewable Alliance at 31 December 2015	**1,093**
Equity interest held by the Group	50%
Carrying value of the Group's interests in Renewable Alliance	**547**

(in € million)	**Year ended 31 March 2016**
Net income of Renewable Alliance for the year ended 31 December 2015	(76)
Net income of Renewable Alliance for the year ended 31 December 2015	**(76)**
Equity interest held by the Group	50%
Group's share in the net income of Renewable Alliance	**(38)**

- **Nuclear Alliance**

Summarized combined financial information (at 100%) presented below are the figures as of 31 December and are established in accordance with IFRS. These financial statements, are established in USD and were converted to euros, based on the exchange rates used by the Group, as of 31 March.

Balance sheet

(in € million)	At 31 December 2015	
Non-current assets	1,429	(1)
Current assets	1,652	
Assets held for sale	1	
Total assets	**3,082**	
Equity-attributable to the owners of the parent company	587	
Equity-attributable to non-controlling interests	-	
Non current liabilities	1,074	
Current liabilities	1,420	
Liabilities related to assets held for sale	1	
Total equity and liabilities	**3,082**	

Income statement

(in € million)	Year ended 31 December 2015
Sales	140
Net income from continuing operations	**(3)**
Share of non-controlling interests	**-**
Net income attributable to the owners of the parent company	**(3)**
Other comprehensive income	-
Total comprehensive income	**(3)**

Reconciliation on carrying value

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

(in € million)	At 31 March 2016
Net asset of Nuclear Alliance at 31 December 2015	587
Net asset of the Nuclear Alliance at 31 December 2015	**587**
Equity interest held by the Group	20%
Carrying value of the Group's interests in Nuclear Alliance	**117**

(in € million)	Year ended 31 March 2016
Net income of Nuclear Alliance for the year ended 31 December 2015	(3)
Net income of Nuclear Alliance for the year ended 31 December 2015	**(3)**
Equity interest held by the Group	20%
Group's share in the net income of Nuclear Alliance	**(1)**

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).

On 29 December 2015, Alstom purchased an additional 8% shares in Transmashholding (TMH) from the Russian Railways (RZD) for €54 million. Following the deal, Alstom's stake in TMH reaches 33%. Alstom will retain two seats in the TMH Board of Directors.

Accounting wise, the increase of stake in TMH does not change the assessment of associate as Alstom still has significant influence over TMH. Therefore, the purchase price paid for the additional interest is added to the existing carrying amount of the associate and the existing interest in the associate is not remeasured.

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.

It has been decided to ease the process and to be consistent with the Energy Joint ventures disclosures to provide data as of end of December (no management accounts as of end of March). If the restatement of TMH net result and carrying value for fiscal year 2014/2015 and 2015/2016 had been done to allow consistency and comparability, share in net assets as at 31 March 2014 and March 2015 would have amounted to € 365 million and € 209 million respectively. Net income of fiscal year 2014 / 2015 would have amounted to € (31) million.

Balance sheet

(in € million)	At 31 December 2015	At 31 December 2014
Non-current assets	747	937
Current assets	874	1,031
Total assets	**1,621**	**1,968**
Equity-attributable to the owners of the parent company	675	824
Equity-attributable to non-controlling interests	148	200
Non current liabilities	122	286
Current liabilities	676	658
Total equity and liabilities	**1,621**	**1,968**

Income statement

(in € million)	Year ended 31 December 2015	Year ended 31 December 2014
Sales	1,391	2,466
Net income from continuing operations	**5**	173
Share of non-controlling interests	**15**	(14)
Net income attributable to the owners of the parent company	**20**	**159**
Other comprehensive income	(21)	15
Total comprehensive income	**(16)**	**188**

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.

Reconciliation on carrying value

(in € million)	At 31 March 2016
Net asset of the Breakers Investments B.V at 31 december 2015	675
Other variations	(46)
Net asset of the Breakers Investments B.V. at 31 December 2015	**629**
Equity interest held by the Group	33%
Goodwill	68
Impairment of share in net asset of equity investment	(57)
Other*	(4)
Carrying value of the Group's interests in The Breakers Investments B.V	**214**

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

(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.

Reconciliation on net income

(in € million)	Year ended 31 March 2016
Net income of the Breakers Investments B.V for the year ended 31 December 2015	20
Income net adjustment	(64)
Net income of the Breakers Investments B.V for the year ended 31 December 2015	**(44)**
Equity interest held by the Group	25%
Impairment of share in net asset of equity investment	-
Other*	1
Group's share in the net income of The Breakers Investments B.V	**(10)**

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

(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.

Dividends

(in € million)	At 31 March 2016	At 31 March 2015
Dividends received	**-**	**35**

b. Other associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €68 million as well as other associates which are not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents €101 million as of 31 March 2016 (€105 million as of 31 March 2015).

12.2. Investment in joint-ventures

		Share in equity		Share of net income	
(in € million)	% ownership	At 31 March 2016	At 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Speed Innov JV	69%	27	-	-	-
Other		10	14	(25)	(16)
Joint ventures		**37**	**14**	**(25)**	**(16)**

The Group's investment in joint ventures is not significant on an individual basis.

On aggregate, it corresponds to a net carrying value of €37 million as of 31 March 2016 (€14 million as of 31 March 2015).
Main movement is linked to the creation of a Joint Venture called SpeedInnov in partnership with ADEME (*Agence De l'Environnement et de la Maîtrise de l'Energie*).

SSL previously accounted for as a Joint Venture is now consolidated in full due to purchase of 50% additional stake as described in Note 1.2.

Note 13. Non-consolidated investments

Movements during the period

(in € million)	At 31 March 2016	At 31 March 2015
Opening balance	36	160
Change in fair value (1)	-	(1)
Acquisitions	7	4
Changes in consolidation method	-	-
Translation adjustments and other	(5)	(9)
Transfer to assets held for sale (2)	-	(118)
CLOSING BALANCE	38	36

(1) Change included in the other comprehensive income as fair value adjustments on available-for-sale assets.
(2) Of which BrightSource Energy Investment at 31 March 2015.

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 14. Other non-current assets

(in € million)	At 31 March 2016	At 31 March 2015
Financial non-current assets associated to financial debt (1)	318	383
Long-term loans, deposits and other	83	90
OTHER NON-CURRENT ASSETS	**401**	**473**

(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 2016, €301 million receivables and €17 million deposit.
- at 31 March 2015, €365 million receivables and €18 million deposit;

Note 15. Inventories

(in € million)	At 31 March 2016	At 31 March 2015
Raw materials and supplies	599	549
Work in progress	219	243
Finished products	121	138
Inventories, gross	**939**	**930**
Raw materials and supplies	(88)	(70)
Work in progress	(4)	(18)
Finished products	(13)	(21)
Write-down	**(105)**	**(109)**
INVENTORIES, NET	**834**	**821**

Note 16. Construction contracts in progress

(in € million)	At 31 March 2016	At 31 March 2015	Variation
Construction contracts in progress, assets	2,356	2,554	(198)
Construction contracts in progress, liabilities	(3,659)	(3,455)	(204)
CONSTRUCTION CONTRACTS IN PROGRESS	**(1,303)**	**(901)**	**(402)**

(in € million)	At 31 March 2016	At 31 March 2015	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	33,612	29,584	4,028
Less progress billings	(32,911)	(28,506)	(4,405)
Construction contracts in progress excluding down payments received from customers	**701**	**1,078**	**(377)**
Down payments received from customers	(2,004)	(1,979)	(25)
CONSTRUCTION CONTRACTS IN PROGRESS	**(1,303)**	**(901)**	**(402)**

Note 17. 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 2016	**1,613**	**1,190**	**156**	**76**	**191**
. o/w gross	1,655	1,190	156	76	233
. o/w impairment	(42)	-	-	-	(42)
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)

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 18. Other current operating assets

(in € million)	At 31 March 2016	At 31 March 2015
Down payments made to suppliers	85	118
Corporate income tax	171	117
Other taxes	127	248
Prepaid expenses	47	54
Other receivables	185	145
Derivatives relating to operating activities	191	782
Remeasurement of hedged firm commitments in foreign currency	312	493
OTHER CURRENT OPERATING ASSETS	**1,118**	**1,957**

Movements over the period ended 31 March 2016 mainly arose from derivatives.

As a reminder, as at 31 March 2015, foreign exchange derivatives negotiated by Alstom Holdings (this entity not being classified as held for sale) included those dedicated to hedge foreign currency exposures of the Energy activities. As at 31 March 2016, only derivatives related to continuing activities are reported on the balance sheet.

Note 19. Marketable securities and other current financial assets

(in € million)	At 31 March 2016	At 31 March 2015
Derivatives related to financing activities	22	61
Marketable securities	-	-
MARKETABLE SECURITIES AND OTHER CURRENT FINANCIAL ASSETS	**22**	**61**

Note 20. Cash and cash equivalents

(in € million)	At 31 March 2016	At 31 March 2015
Cash	507	1,360
Cash equivalents	1,454	239
CASH AND CASH EQUIVALENTS	**1,961**	**1,599**

Following the General Electric transaction on 2 November 2015, the Group diversified its asset management policy in order to limit its counterparty risk. In addition to remunerated and non-remunerated current accounts with banks classified as cash, the Group invests in cash equivalents:

- Euro money market funds in an amount of €1,143 million qualified as "monetary" or "monetary short term" under the French AMF classification.
- Bank term deposits that can be terminated at any time with less than three months notification period in an amount of €311 million.

Note 21. Working capital

(in € million)	At 31 March 2016	At 31 March 2015	Variation
Inventories	834	821	13
Construction contracts in progress, net	(1,303)	(901)	(402)
Trade receivables	1,613	1,470	143
Other current operating assets / (liabilities)	(363)	(535)	172
Provisions	(863)	(1,314)	451
Trade payables	(1,133)	(917)	(216)
WORKING CAPITAL	**(1,215)**	**(1,376)**	**161**

(in € million)	Year ended 31 March 2016
Working capital at the beginning of the period	**(1,376)**
Changes in working capital resulting from operating activities	1,800
Changes in working capital resulting from investing activities	108
Translation adjustments and other changes	994
Transfer to assets held for sale	(2,741)
Total changes in working capital	**161**
WORKING CAPITAL AT THE END OF THE PERIOD	**(1,215)**

Movements on working capital include flows relating to both continuing and discontinued activities (of which €(263) million for continuing activities).

Changes in working capital on continued activities mainly include DOJ settlement and opening Balance Sheets of acquired entities.

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 2016

At 31 March 2016, the share capital of Alstom amounted to €1,533 ,889,308 consisting of 219,127,044 ordinary shares with a par value of €7 each. For the year ended 31 March 2016, the weighted average number of outstanding ordinary shares amounted to 295,034,182 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 297,510,266 after the effect of all dilutive instruments.

During the year ended 31 March 2016:

- 91,500,000 shares were repurchased at a price of €35 per share and cancelled on 28 January 2016 following a public tender offer. The nominal value of the shares thus cancelled has been deducted from the company's capital (nominal value of €7 per share);
- The discrepancy between the nominal value and the repurchase price (€28 per share) represents a premium that has been deducted from the account retained earnings;
- 688 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 43 shares at a par value of €7. The 77,554 bonds reimbursable with shares outstanding at 31 March 2016 represent 4,870 shares to be issued;
- 407,167 of ordinary shares were issued under long term incentive plans.

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.

22.2. Distribution of dividends

Due to the recent share Buy Back, no dividend distribution will be proposed at the next annual general meeting.

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

- Year ended 31 March 2015 (decision of Shareholders' Meeting held on 30 June 2015):no dividend distributed;
- 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.

22.3. Currency translation adjustment

The currency translation adjustment, presented within the consolidated statement of comprehensive income, primarily reflects the effect of variations of the US Dollar (€(31) million), Chinese Yuan (€(35) million), Indian Rupee (€(31) million), Brazilian Real (€(67) million), and Russian Federation Rouble (€(42) million) against the euro for the year ended 31 March 2016 on the net equity of the Group's affiliates the functional currencies of which are not the euro.

In relation with the disposal of the Energy business, €(223) 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 16/09/2014	27/09/2008 26/09/2015	28/09/2009 27/09/2016	25/09/2010 24/09/2017	n/a	23/09/2011 22/09/2018	n/a	21/09/2012 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	3,870,345	1,950,639	252,000	754,300	445,655	1,001,612	522,220
Adjusted number exercised since the origin	5,048,533	2,435,547	605,711	1,150	220,320	-	-	-	182,432
Adjusted number cancelled since the origin	517,467	367,453	539,870	329,751	31,680	754,300	445,655	650,183	339,788
Ajusted number outstanding at 31 March 2016	-	-	2,724,764	1,619,738	-	-	-	351,429	-
inc. to the present members of the Executive Committee	-	-	111,683	67,586	-	-	-	23,408	-
Adjusted exercise price (2) (in €)	8.60	17.88	32.48	58.73	n/a	66.47	n/a	43.48	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) and adjusted where necessary due to share buy back operation.

	Plans issued by Shareholders Meeting on 22 June 2010								Plan issued by Shareholders Meeting on 17 March 2016
	Plan n°13	Plan n°13	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16	PSP 2016
	stock options	performance shares	stock options	performance shares	stock options	performance shares	stock options	performance shares	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	17/03/2016
Exercise period	13/12/2013 12/12/2018	n/a	04/10/2014 03/10/2019	n/a	10/12/2015 09/12/2020	n/a	03/10/2016 30/09/2021	n/a	n/a
Number of beneficiaries	528	1,716	514	1,832	538	1,763	292	1,814	737
Adjusted number granted (1)	1,419,767	740,860	1,573,723	804,040	1,508,777	883,140	771,997	1,130,791	957,975
Adjusted number exercised since the origin	-	506,330	75,178	478,149	26,760	178,863	-	678	
Adjusted number cancelled since the origin	463,353	234,530	694,249	325,891	803,615	490,190	68,485	93,338	
Ajusted number outstanding at 31 March 2016	956,414	-	804,296	-	678,402	214,087	703,512	1,036,775	957,975
inc. to the present members of the Executive Committee	89,622	-	69,680	-	57,198	2,521	71,608	53,449	160,500
Adjusted exercise price (2) (in €)	28.83	n/a	22.96	n/a	24.10	n/a	23.44	n/a	n/a
Fair value at grant date (in €)	7.59	31.35	3.14	19.77	5.80	26.70	3.84	22.62	17.12

(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) and adjusted where necessary due to share buyback operation.

At 31 March 2016, stock options granted by plans 8, 9, 10, 11, 12, 13, 14 and 15 are fully vested. For plans 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, except the latter that allocates only performance shares.
The grant of these instruments is conditioned by the satisfaction of performance indicators.

<u>LTI plan 15 granted on 10 December 2012:</u>
The total number of options exercisable and performance shares to be delivered was depending 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.

Based on consolidated financial statements for the fiscal years ended 31 March 2013 and 31 March 2014, the performance conditions were achieved for 30% of an allotment of LTIP15 options and performance shares.

In the context of the sale of the Energy activities, the Board of Directors considered that the performance conditions set for fiscal year ended 31 March 2015, weighting 20% of the global award, were deemed fully satisfied subject to and upon the completion of the transaction. As a result, 50% of the options were exercisable under this plan and 50% of performance shares have been delivered. 50% of options and performance shares have been cancelled.

LTI plan 16 granted on 1 October 2013:

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 were 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 has been 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. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations. Furthermore, under the terms of the Contract of Sale, General Electric paid Alstom the economic value of the subscription options and performance shares allocated to beneficiaries within the perimeter of the Transaction (including the Chairman and Chief Executive Officer) for LTI Plans 14, 15 and 16 for €56 million, this cost having been established by an independent expert after the completion of the Transaction.

PSP 2016 granted on 17 March 2016:

This plan has been agreed by the shareholders' meeting of 17 March 2016. It allocates 957,975 performance shares to 737 beneficiaries.
The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2017, 31 March 2018, and 31 March 2019, and one external condition linked to the performance of the Company's share.

The final delivery will take place five days after the communication of the 31 March 2019 results.

The number of Performance Shares will be determined as follows:

	2016-17	2017-18	2018-19
KPI weight	20%	25%	55%
Free Cash Flow	10%	10%	10%
Condition	Progressive delivery from 0 to total number of granted shares (100%) with FCF up to +300M€ (yearly)		
Adjusted EBIT	10%	15%	15%
Condition	Progressive delivery from 0 to total number of granted shares (100%) with aEBIT margin up to 7% (yearly)		
TSR	0%	0%	30%
Condition	Progressive delivery from 0 to total number of granted shares (100%) with Alstom TSR up to 10 points above Index TSR		

Movements

	Number of options	Weighted average exercise price per share in €	Number of performance shares
Outstanding at 31 March 2014	**8,849,932**	**36.49**	**2,506,196**
Granted	0	0.00	0
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**
Granted (*)	1,572,120	0.00	1,189,666
Exercised (*)	(519,494)	16.07	(427,740)
Cancelled (*)	(727,859)	10.41	(113,230)
Outstanding at 31 March 2016	**7,838,555**	**35.44**	**2,208,837**
of which exercisable	7,135,043		N/A

(*) includes share buyback adjustments on stock options plans 9, 10, 12, 13, 14, 15 and 16, performance shares 15 (international beneficiaries) and 16, as well as the 957,975 granted through the PSP 2016. The weighted average exercise price is also impacted by share buy-back

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
Grant date	23/09/2008	23/09/2008	21/09/2009	21/09/2009	13/12/2010	13/12/2010
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
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
Adjusted exercise price (*) (in €)	66.47	n/a	43.48	n/a	28.83	n/a
Share price at grant date (in €)	65.10	65.10	50.35	50.35	35.40	35.40
Volatility	30%	n/a	30%	n/a	31%	n/a
Risk free interest rate	4.1%	4.4%	2.0%	2.3%	1.8%	2.0%
Dividend yield	1.3%	1.3%	1.3%	1.3%	3.1%	3.1%

(*) 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) and adjusted, where necessary, due to share buy back operation

	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	PSP 16 performance shares
Grant date	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2016
Expected life (in years)	4.0	2.5 or 4.0	4.0	2.5 or 4.0	3.0	4.0	3.2
End of vesting period	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	17/05/2019
Adjusted exercise price (*) (in €)	22.96	n/a	24.10	n/a	23.44	n/a	n/a
Share price at grant date (in €)	23.82	23.82	29.77	29.77	26.33	26.33	21.84
Volatility	31%	n/a	30%	n/a	28%	n/a	n/a
Risk free interest rate	1.5%	1.5%	0.5%	0.5%	0.9%	0.9%	0.3%
Dividend yield	5.0%	5.0%	3.4%	3.4%	3.8%	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) and adjusted, where necessary, due to share buy back operation

The option valuation method follows a binomial mathematical model for plan 11, a Black & Scholes model for plans 12, 13, 14, 15 and 16 as well as Monte Carlo model for PSP 2016, 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 for plans 11 to 16, and Alstom's volatility for PSP 2016.

The Group booked a total expense of €8 million for the year ended 31 March 2016 , out of which €6 million in discontinued operations (to be compared to €26 million for the year ended 31 March 2015 of which €20.5 million in discontinued operations).

23.2. Stock appreciation rights ("SARs")

Key characteristics

	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Vesting date	27/09/2008	27/09/2008	28/09/2009	25/09/2010
Expiry date	18/11/2015	26/09/2015	28/09/2016	24/09/2017
Number of beneficiaries	4	-	3	8
Adjusted number granted (2)	6,000	-	8,750	4,800
Adjusted number exercised since the origin	(5,000)	-	(1,250)	-
Adjusted number cancelled since the origin	(1,000)	-	-	(1,000)
Ajusted number outstanding at 31 March 2016	-	-	7,500	3,800
Adjusted exercise price (3) (in €)	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 2014	**19,550**	**41.05**
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding at 31 March 2015	**19,550**	**41.05**
Granted	-	-
Exercised	(6,250)	31.65
Cancelled	(2,000)	47.94
Outstanding at 31 March 2016	**11,300**	**48.62**
of which exercisable	11,300	

Valuation

	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Expected life (in years)	4	4	4	4
End of vesting period	27/09/2008	27/09/2008	28/09/2009	24/09/2010
Adjusted exercise price (2) (in €)	22.45	17.88	36.05	73.42
Share price at 31 March 2016 (in €)	22.47	22.47	22.47	22.47
Share price at 31 March 2015 (in €)	28.96	28.96	28.96	28.96
Volatility	17.92%	17.92%	17.92%	17.92%
Risk free interest rate	0.23%	0.23%	0.23%	0.23%
Dividend yield	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.

Note 24. Provisions

(in € million)	At 31 March 2015	Additions	Releases	Applications	Reclassifications and other changes	At 31 March 2016
Warranties	100	59	(15)	(48)	9	105
Litigations, claims and others	931	66	(28)	(825)	(41)	103
Current provisions	**1,031**	**125**	**(43)**	**(873)**	**(32)**	**208**
Tax risks & litigations	106	159	(10)	(43)	2	214
Restructuring	47	56	(8)	(24)	(1)	70
Other non-current provisions	130	289	(20)	(15)	(13)	371
Non-current provisions	**283**	**504**	**(39)**	**(82)**	**(11)**	**655**
TOTAL PROVISIONS	**1,314**	**629**	**(81)**	**(955)**	**(44)**	**863**

(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)*	-

Movements over the period ended 31 March 2016 mainly arose from the payment of the fine linked to DOJ (agreement concluded with the US Department of Justice resulting in a fine of €722 million booked as current provision in continued activities in March 2015).

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 footprint's adaptation.

Other non-current provisions mainly relate to guarantees delivered or risks 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 €938 million as of 31 March 2016 (see Note 25.2) is analysed as follows:

- several pension plans for €741 million;
- other post-employment benefits for €158 million which include end-of-service benefits in France and Italy; and
- other long-term defined benefits for €39 million which mainly correspond to jubilees in France and Germany.

Net provisions for post-employment benefits total €486 million, as of March 31, 2016 compared with €453 million, as of March 31, 2015.

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.

After the disposal of Energy activities, defined benefit plans mainly relate to United Kingdom, Germany, France and 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.

In the United Kingdom, there are three defined benefit pension plans covering different populations. Each of these are Sections of the large UK Railways Pension Scheme and provide a pension in the form of an indexed annuity. Two of these plans are historical and were closed to new members as of 1 July 2013 and the third is being consolidated following the acquisition of the shares held by Balfour Beatty in Signalling Solutions Limited. 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 Germany, the plans 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 2010 for the employees to remove most, particularly the higher risk, defined benefit pension plans. The plans now continue to be accounted for as defined benefit plans under IAS 19R but with much lower risks for the company. With respect to employee contributions, these are remitted into defined contributions plans.

In France, 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 Canada, the United States of America and Switzerland.

In the US, there has been a shift from Defined Benefit (DB) pension retirement benefits to Defined Contribution (DC) retirement benefits. Prior to the close, there were a number of Transport Inc employees with a frozen DB Pension benefit under an Alstom plan that included employees from all activities. This plan transferred to General Electric with the close eliminating DB pension benefits for legacy Alstom employees. At the time of the close, a new DB Pension Plan was put in place as a retention tool for approximately 400 Alstom Signalling Operation LLC (former General Electric employees) acquired through the transaction. This plan is closed to new entrants and is designed to duplicate the pension benefits this group had prior to joining Alstom. It is the only non-union DB pension plan in the US. A DC Plan is in place for the benefit of all non-union employees. The employer subsidies post-employment medical benefits for a small population in Alstom Signalling Inc. In addition a fully paid employer post-employment retiree life insurance exists for an even smaller group of employees in Alstom Signalling Inc.

25.2. Defined benefit obligations

(in € million)	At 31 March 2016	United Kingdom	Euro Zone	Other
Defined benefit obligations at beginning of year	**(952)**	**(388)**	**(431)**	**(133)**
Service cost	(29)	(9)	(16)	(4)
Plan participant contributions	(4)	(3)	-	(1)
Interest cost	(24)	(15)	(6)	(3)
Plan amendments	(1)	-	2	(3)
Business combinations / disposals	-	-	-	-
Curtailments	-	-	-	-
Settlements	11	-	11	-
Actuarial gains (losses) - due to experience	(12)	1	(7)	(6)
Actuarial gains (losses) - due to changes in assumptions	(20)	(4)	(14)	(2)
Benefits paid	65	2	24	39
DBO related to assets held for sale	-	-	-	-
Foreign currency translation and others	28	16	(11)	23
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(938)**	**(400)**	**(448)**	**(90)**
Of which:				
Funded schemes	(728)	(400)	(274)	(54)
Unfunded schemes	(210)	-	(174)	(36)

(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)

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 2016	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	**500**	**355**	**72**	**73**
Interest income	15	13	1	1
Actuarial gains (losses) on assets due to experience	(10)	(12)	(4)	6
Company contributions	17	6	7	4
Plan participant contributions	4	3	-	1
Business combinations /disposals	-	-	-	-
Settlements	(9)	-	(9)	-
Benefits paid from plan assets	(30)	(2)	-	(28)
Fair value of plan assets held for sale	-	-	-	-
Foreign currency translation and others	(35)	(23)	1	(13)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**452**	**340**	**68**	**44**

(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**

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

(in € million)	At 31 March 2016	At 31 March 2015
Defined benefit obligations	(938)	(952)
Fair value of plan assets	452	500
Funded status of the plans	**(486)**	**(452)**
Impact of asset ceiling	-	(1)
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER A	**(486)**	**(453)**
Of which:		
Accrued pension and other employee benefit costs	(487)	(461)
Prepaid pension and other employee benefit costs	1	8

Movements over the period ended 31 March 2016 mainly arose from Canada, France, United Kingdom and the United States of America.

The net asset of €1 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 2016	%	United Kingdom	Euro Zone	Other
Equities	237	**52.4%**	64%	28%	4%
Bonds	159	**35.2%**	32%	67%	7%
Properties	11	**2.4%**	3%	-	-
Other	45	**10.0%**	1%	5%	89%
TOTAL	**452**	**100%**	**100%**	**100%**	**100%**

(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%**

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

Change in the composition of plan assets between March 2015 and March 2016 is mainly due to SSL integration.

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 2016, 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 2016 and 31 March 2015. 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 2016	United Kingdom	Euro Zone	Other
Discount rate	2.57	3.45	1.65	3.30
Rate of compensation increase	3.08	3.60	2.73	2.55

(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%).

As of 31 March 2016, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2016	United Kingdom	Euro Zone	Other
Weighted average duration	15	17	13	13

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 8.82% in the year ended 31 March 2016 and reduces thereafter to an ultimate rate of 5.65% 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 2016**
Impact of a 25bp increase or decrease in the discount rate	(32) / + 34
Impact of a 25bp increase or decrease in the rate of compensation increase	+ 9 / (9)

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

As at 31 March 2016, the benefit expense for the whole Group is the following:

(in € million)	**Year ended 31 March 2016**	**Continued activities (1)**	**Discontinued activities**	**Year ended 31 March 2015**	**Continued activities (1)**	**Discontinued activities**
Service cost	(103)	(29)	(74)	(116)	(17)	(99)
Defined contribution plans	(186)	(93)	(93)	(232)	(91)	(141)
Income from operations	**(289)**	**(122)**	**(167)**	**(348)**	**(108)**	**(240)**
Actuarial gains/(losses) on other long-term benefits	(3)	(3)		(8)	(1)	(7)
Past service gain (cost)	(1)	(1)		(26)	(16)	(10)
Curtailments/settlements	5	1	4	3	-	3
Other income (expense)	**1**	**(3)**	**4**	**(31)**	**(17)**	**(14)**
Financial income (expense)	**(40)**	**(9)**	**(31)**	**(65)**	**(14)**	**(51)**
TOTAL BENEFIT EXPENSE	**(328)**	**(134)**	**(194)**	**(444)**	**(139)**	**(305)**

(1) Including €17 million for the year ended 31 March 2016 against €8 million in relation to the United Kingdom for the year ended 31 March 2015, and € 93 million for the year ended 31 March 2016 against €106 million in relation to the euro zone for the year ended 31 March 2015.

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 2016 amounted to €52 million 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:

- €27 million in the year ending 31 March 2017;
- €24 million in the year ending 31 March 2018;
- €26 million in the year ending 31 March 2019.

Total cash spent for defined contribution plans in the year ended 31 March 2016 amounted to €186 million.

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 2016**	**At 31 March 2015**
Bonds	1,970	3,838
Other borrowing facilities	115	856
Put options and earn-out on acquired entities	54	2
Derivatives relating to financing activities	18	59
Accrued interests	20	39
Borrowings	**2,177**	**4,794**
Non-current	*1,538*	*2,847*
Current	*639*	*1,947*
Obligations under finance leases	26	27
Other obligations under long-term rental (1)	301	365
Obligations under finance leases	**327**	**392**
Non-current	*280*	*341*
Current	*47*	*51*
TOTAL FINANCIAL DEBT	**2,504**	**5,186**

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

Changes in financial debt position between 31 March 2015 and 2016 mainly arose, after General Electric transaction completion, from:

- The repayment of two bonds for a total amount of € 1.000 million (€500 million having matured on 5 October 2015 and €500 million having matured on 2 March 2016);
- The partial repurchase of bonds, on 19 February 2016, following a tender offer process, in an amount of €953 million (corresponding to €875 million nominal value);
- The repayment of commercial papers in an amount of €741 million.

Moreover, from 1 April to 2 November 2015, additional short term financing has been drawn (Commercial papers, bridge loans and revolving credit facilities) and repaid after General Electric transaction closing.

The following table summarises the remaining bonds maturity schedule, after the February 2016 tender offer:

ISIN and bond description	Initial Nominal value (in € million)	Maturity date	Nominal interest rate	Effective interest rate	Redemption at maturity	Nominal amount repurchased	Residual nominal value at 31 March 2016	Market value at 31 March 2016
Alstom October 2015	500	05/10/2015	2.88%	2.98%	(500)		-	
Alstom March 2016	500	02/03/2016	3.87%	4.05%	(500)		-	
Alstom February 2017	750	01/02/2017	4.13%	4.25%		(297)	453	468
Alstom October 2017	350	11/10/2017	2.25%	2.44%		(78)	272	280
Alstom October 2018	500	05/10/2018	3.63%	3.71%		(129)	371	400
Alstom July 2019	500	08/07/2019	3.00%	3.18%		(217)	283	304
Alstom March 2020	750	18/03/2020	4.50%	4.58%		(154)	596	683
TOTAL						**(875)**	**1,975**	**2,135**

The weighted average notional interest rate stands at 3.73% as of 31 March 2016 while the weighted average effective interest rate stands at 3.85%.

Note 27. Financial instruments and financial risk management

27.1. Financial instruments reported in the financial statements

The Group's financial liabilities encompass borrowings, trade and other payables. The main purpose of these financial liabilities is to raise funds for the Group's operations.
The Group's financial assets include loans, trade and other receivables, and cash and cash equivalents.
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 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 cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities, or their market value in the case of money market funds;
- 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 for “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 2016

Balance sheet positions at 31 March 2016

			Carrying amount of financial instruments by categories (*)					Fair value of items classified as financial instruments			
At 31 March 2016 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	FV P/L	AFS	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	38	-	-	38	-	-	38	-	-	38	38
Other non-current assets	401	1	-	-	400	-	400	-	82	318	400
Trade receivables	1,613	-	-	-	1,613	-	1,613	-	1,613	-	1,613
Other current operating assets	1,118	466	312	-	150	191	652	-	652	-	652
Marketable securities and other current financial assets	22	-	-	-	-	22	22	-	22	-	22
Cash and cash equivalents	1,961	-	1,143	-	818	-	1,961	1,143	818	-	1,961
ASSETS	**5,153**	**467**	**1,455**	**38**	**2,981**	**213**	**4,686**	**1,143**	**3,187**	**356**	**4,686**
Non-current borrowings	1,538	-	-	-	1,538	-	1,538	1,666	16	-	1,682
Non-current obligations under finance leases	280	-	-	-	280	-	280	-	280	-	280
Current borrowings	639	-	-	-	621	18	639	467	187	-	654
Current obligations under finance leases	47	-	-	-	47	-	47	-	47	-	47
Trade payables	1,133	-	-	-	1,133	-	1,133	-	1,133	-	1,133
Other current operating liabilities	1,481	508	172	-	512	290	974	-	974	-	974
LIABILITIES	**5,118**	**508**	**172**	**-**	**4,131**	**308**	**4,611**	**2,133**	**2,637**	**-**	**4,770**

* 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

As mentioned in Note 2.3.1, there is a financial instrument (put) presented together with alliances in investments in associates disclosure (Note 12.1).

Financial income and expense arising from financial instruments for the year ended 31 March 2016

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	11	-	(225)	(214)
Interest income (1)	*11*	-	-	*11*
Interest expense	-	-	*(225)*	*(225)*
Dividends	-	1	-	1
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(105)	(105)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2016	**11**	**1**	**(330)**	**(318)**

(1) Excluding interest expense recharged to discontinued operations until 2 November 2015 in application of the cash pool agreement (see Notes 3 and 7)

Year ended 31 March 2015

Balance sheet positions at 31 March 2015

			Carrying amount of financial instruments by categories (*)					Fair value of items classified as financial instruments			
At 31 March 2015 (in € million)	**Balance sheet carrying amount**	**Carrying amount not defined as financial instruments**	**FV P/L**	**AFS**	**LRL at amortised cost**	**DER**	**Total**	**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	1,418	-	1,418	-	1,418
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**	**5,049**	**-**	**4,630**	**419**	**5,049**
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**	**-**	**6,427**	**1,418**	**8,021**	**-**	**8,329**	**-**	**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 3 and 7)

27.2. Currency risk management

Financial debt

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

(in € million)	At 31 March 2016	At 31 March 2015
Euro	2,011	4,650
Brazilian Real	24	78
British Pound	309	377
Russian Federation Rouble	-	7
US Dollar	84	46
Other currencies	82	40
FINANCIAL DEBT IN NOMINAL VALUE	**2,510**	**5,198**

The debt in GBP essentially originates from a long-term lease scheme of trains, involving London Underground. The equivalent of €302 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 14, 26 and 31).

Financial derivatives

Whenever possible, Alstom Holdings acts as an in-house bank for its affiliates through cash-pooling and loans / deposits agreements. The intercompany positions so generated are hedged through Fx swaps, the cost of which is included in net cost of foreign exchange (see Note 7).

Derivatives hedging commercial activity

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 currency triggering a significant exposure as of 31 March 2016 is primarily the US dollar.

During the tender period, depending on the probability to obtain the project and on market conditions, the Group may hedge a portion of its tenders using options or export insurance contracts. Once the contract is in force, forward exchange contracts are used to hedge the actual exposure during the life of the contract (in addition to existing export insurance contracts if any).

The Group general policy is to use forward currency contracts to eliminate the currency risk on any individual sale or purchase transaction. Forward currency contracts are denominated in the same currency than the hedged item. Generally, the tenor of hedging derivatives matches with the tenor of the hedged items. However, the Group may decide depending on market conditions to enter into derivatives in shorter tenors and to roll them subsequently.

The portfolio of operating of FX forward contracts has a weighted maturity of 1 year and 7 months. However some forward contracts may mature beyond five years to reflect the long term nature of some of the hedged 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 2016 the Group has an outstanding portfolio of currency forward contracts hedging €4 billion of future cash out towards suppliers (including intercompany payments) and €4 billion of future receipts from clients (including intercompany cash-in). Change in Forex rate is compensated by the reevaluation by Profit and Loss at Fair Market Value on derivatives.

They may be summarized as follows:

(in € million)	Net derivatives positions	
Ccy1 / Ccy2 *	Net notional	Fair value
USD/EUR	(1 401)	(132)
EUR/BRL	(142)	(8)
EUR/INR	204	(3)
PLN/EUR	361	10
EUR/ZAR	324	16
USD/CAD	231	21
Others	427	(3)
Total	**4**	**(99)**

*Positive amount: the currency 1 is bought forward against currency 2
Negative amount: the currency 1 is sold forward against currency 2

Most of the hedging instruments are negotiated by Alstom Holdings and are mirrored by hedging agreements between Alstom Holdings and the exposed subsidiaries. Whenever local regulations prohibit this intercompany hedging, instruments are negotiated directly by affiliates with local banks under the supervision of central Treasury.

Overall derivatives positions

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

	At 31 March 2016		At 31 March 2015	
(in € million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives qualifying for fair value hedge	212	307	831	1,383
Derivatives qualifying for cash flow hedge	-	-	11	34
Derivatives qualifying for net investment hedge	-	-	-	-
Derivatives not qualifying for hedge accounting	1	1	1	1
TOTAL	**213**	**308**	**843**	**1,418**

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 change in foreign exchange spot rates and to a lesser extend the relative change in interest rate curves relating to the hedged currencies during the periods ended 31 March 2015 and 31 March 2016 explains the amount of fair value of derivative instruments (either positive or negative). For instruments that qualify for fair value hedge accounting, change in fair value arising from spot rates is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

The sensitivity of the Group’s pre-tax income to a change in currencies arising from derivative instruments not qualifying for hedge accounting is not significant.

At 31 March 2016, the fair value of hedging instruments in the discontinued operations corresponding to staggered and delayed transferred assets is negligible.

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

Alstom enters with its banking counterparties in bilateral standard derivatives agreements that do not provide for collateralization of the derivatives market value.

These agreements generally 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 2016 (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	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivatives assets	213		213	(164)		49
Derivatives liabilities	(308)		(308)	164		(144)

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

27.3. Interest rate risk management

After the General Electric transaction, the group keeps short dated floating rate financial assets on its balance sheet, while its debt is merely made of fixed rate bonds.
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 2016**	**At 31 March 2015**
Financial assets at floating rate	2,023	1,639
Financial assets at fixed rate	335	412
Financial assets bearing interests	**2,358**	**2,051**
Financial debt at floating rate	169	1
Financial debt at fixed rate, put options and earn-out on acquired entities	2,335	5,185
Financial debt	**2,504**	**5,186**
Total position at floating rate before swaps	2,192	1,640
Total position at fixed rate before swaps	2,670	5,597
Total position before hedging	**4,862**	**7,237**
Total position at floating rate after swaps	2,192	1,640
Total position at fixed rate after swaps	2,670	5,597
TOTAL POSITION AFTER HEDGING	**4,862**	**7,237**

Sensitivity is analysed based on the group's net cash position at 31 March 2016, assuming that it remains constant over one year.

In absence of interest rate derivatives, the effects of increases or decreases in market rates are symmetrical: a rise of 0.1% would increase the net interest income by €2 million while a fall of 0.1% would decrease it by €2 million.

27.4. Credit risk management

Credit risk is the risk that counterparty will not meet its payment 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 on 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 17).

In specific cases, the Group may use export credit insurance policies which may hedge up to 85% 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, especially derivatives, 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, the largest exposure with one single counterparty (rated Aa2) being limited to €13 million.

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. Following the General Electric transaction on 2 November 2015, the Group diversified its asset management policy in order to limit its counterparty risk. In addition to short term deposits with tier-one banks, the group invested in euro money market funds qualified as "monetary" or "monetary short term" under the AMF classification. Cash investments are reviewed on a regular basis in accordance with Group procedures and in strict compliance with the eligibility criteria set out in IAS 7 and the AMF's recommendations.

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. Cash available in subsidiaries located in countries with local constraints delaying or restricting the Group's access to this cash was €191 million at 31 March 2016 and €155 million at 31 March 2015 (for continuing activities).

27.5. Liquidity risk management

Financial covenants

In addition to its available cash and cash equivalents, amounting to € 1 961 million as of 31 March 2016, the Group can access a five years new €400 million revolving credit facility, with two possible one-year extensions, which is fully undrawn as of March 2016.

This facility is subject to the following financial covenant, based on consolidated data:

Covenants	**Maximum total net debt leverage**
	(a)
	2.5

(a) Ratio of total net debt (Total debt less short-term investments less cash and cash equivalents) to EBITDA.

The key Group indicators used to calculate the financial covenants are detailed below:

(in € million)	**For the year ended 31 March 2016**	**For the year ended 31 March 2015 (1)**
EBITDA (excluding capital gain on disposal)	**358**	**107**
Total net debt	**216**	**2,850**
TOTAL NET DEBT LEVERAGE	**0.6**	**26.6**

(1) Total for both continuing and discontinued activities for March 2015

Future Cash Flow

The Group's objective is to maintain a strong liquidity, commensurate with the changes in working capital triggered by its long term activity. 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 2016 and 31 March 2015.

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.

Financial instruments held at 31 March 2016

Cash flow arising from instruments included in net cash/(debt) at 31 March 2016

		2017		2018		2019-2021		2022 and thereafter	
Cash flow for the years ended 31 March		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
(in € million)	Carrying amount								
Other non-current assets	318	21	38	9	21	-	243	-	16
Marketable securities and other current financial assets	22	-	22	-	-	-	-	-	-
Cash and cash equivalents	1,961	1	1,961	-	-	-	-	-	-
Assets	**2,301**	**22**	**2,021**	**9**	**21**	**-**	**243**	**-**	**16**
Non-current borrowings	(1,538)	(58)	-	(57)	(272)	(107)	(1,266)	-	-
Non-current obligations under finance leases	(280)	-	-	(10)	(11)	(2)	(222)	(1)	(47)
Current borrowings	(639)	-	(639)	-	-	-	-	-	-
Current obligations under finance leases	(47)	(22)	(47)	-	-	-	-	-	-
Liabilities	**(2,504)**	**(80)**	**(686)**	**(67)**	**(283)**	**(109)**	**(1,488)**	**(1)**	**(47)**
NET CASH/(DEBT)	**(203)**	**(58)**	**1,335**	**(58)**	**(262)**	**(109)**	**(1,245)**	**(1)**	**(31)**

Cash flow arising from operating derivatives at 31 March 2016

		2017		2018		2019-2021		2022 and thereafter	
Cash flow for the years ended 31 March		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
(in € million)	Carrying amount								
Other current operating assets	191	-	75	-	57	-	54	-	5
Assets	**191**	**-**	**75**	**-**	**57**	**-**	**54**	**-**	**5**
Other current operating liabilities	(290)	-	(114)	-	(96)	-	(67)	-	(13)
Liabilities	**(290)**	**-**	**(114)**	**-**	**(96)**	**-**	**(67)**	**-**	**(13)**
DERIVATIVES	**(99)**	**-**	**(39)**	**-**	**(39)**	**-**	**(13)**	**-**	**(8)**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2016

		2017		2018		2019-2021		2022 and thereafter	
Cash flow for the years ended 31 March *(in € million)*	Carrying amount	Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Non consolidated investments	38	-	-	-	-	-	-	-	38
Other non-current assets	82	-	28	-	1	-	6	-	47
Trade receivables	1,613	-	1,613	-	-	-	-	-	-
Other current operating assets	461	-	461	-	-	-	-	-	-
Assets	**2,194**	**-**	**2,102**	**-**	**1**	**-**	**6**	**-**	**85**
Trade payables	(1,133)	-	(1,133)	-	-	-	-	-	-
Other current operating liabilities	(684)	-	(684)	-	-	-	-	-	-
Liabilities	**(1,817)**	**-**	**(1,817)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**377**	**-**	**285**	**-**	**1**	**-**	**6**	**-**	**85**

Financial instruments held at 31 March 2015

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

Cash flow for the years ended 31 March (in € million)	Carrying amount	2016		2017		2018-2020		2021 and thereafter	
		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

Cash flow for the years ended 31 March (in € million)	Carrying amount	2016		2017		2018-2020		2021 and thereafter	
		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		2017		2018-2020		2021 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	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**

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 2016	At 31 March 2015
Staff and associated liabilities	429	419
Corporate income tax	26	32
Other taxes	66	105
Deferred income	8	11
Other payables	490	389
Derivatives relating to operating activities	290	1,360
Remeasurement of hedged firm commitments in foreign currency	172	176
OTHER CURRENT OPERATING LIABILITIES	**1,481**	**2,492**

As a reminder, at the end of March 2015, foreign exchange derivatives negotiated by Alstom Holding (this entity not being classified as held for sale) included those dedicated to hedge foreign currency exposures of the Energy activities. Therefore the derivatives relating to Energy activities were not classified as held for sale while remeasurement of hedged firm commitments in foreign currency related to Energy activities were classified as held for sale. As at 31 March 2016, only derivatives related to Transport activities are reported in the balance sheet.

Note 29. Employee benefit expense and headcount

Total employee benefit/(expense) and headcount relate to continuing activities. Therefore, fiscal year 2015 figures have been represented accordingly.

	Year ended	
(in € million)	31 March 2016	31 March 2015
Wages and salaries	1,320	1,237
Social charges	389	379
Post-employment and other long-term benefit expense (see Note 25.7)	134	139
Share-based payment expense (see Note 23)	2	6
TOTAL EMPLOYEE BENEFIT EXPENSE	**1,845**	**1,761**

	At 31 March 2016	At 31 March 2015
Staff of consolidated companies at year end		
Managers, engineers and professionals	14,426	12,569
Other employees	16,544	15,538
HEADCOUNT	**30,970**	**28,107**

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.

To issue these bonds, the Group relies on both uncommitted bilateral lines in numerous countries and a €3.5 billion Committed Bilateral Bonding Facility Agreement ("CBBGFA") with five tier one banks allowing issuance until 1 November 2018 of bonds with tenors up to 7 years.

As at 31 March 2016, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €7.6 billion (€7.0 billion at 31 March 2015).

The available amount under the Committed Bilateral Bonding Guarantee Facility Agreement at 31 March 2016 amounts to €1.1 billion (€2.0 billion at 31 March 2015). The Committed Bilateral Bonding Guarantee Facility Agreement includes a financial covenant (leverage ratio) based on consolidated figures of the Group and consistent with the financial covenant of the revolving credit facility.

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

Alstom off balance sheet obligations were impacted by the General Electric transaction, as detailed in Note 3.1.2.

Vendor financing

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

Until 29 September 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). Once the notice was served by the customer to exercise its unilateral right to extend the contract, the off balance sheet representing the value Alstom would have to pay to banks, if secondary period was not confirmed, extinguished at 29 September 2015.

30.2. Disputes

As a preliminary remark, it shall be noted that, by taking over Alstom's Energy Businesses, General Electric undertook to assume all risks and liabilities exclusively or predominantly associated with said businesses and in a symmetrical way, Alstom undertook to keep all risks and liabilities associated with the non-transferred business. Cross-indemnification for a duration of 30 years and asset reallocation ("wrong pocket") mechanisms have been established to ensure that, on the one hand, assets and liabilities associated with the Energy businesses being sold are indeed transferred to General Electric and on the other hand, assets and liabilities not associated with such businesses are borne by Alstom. As a result, the consequences of litigation matters that were on-going at the time of the sale and associated with these activities are taken over by General Electric. Indemnity provisions protect Alstom in case of third party claims directed at Alstom and relating to the transferred activities. For this reason and since Alstom no longer manages these litigation matters, Alstom is ceasing to include them in this section. This applies in particular to the following previously reported cases:

- GIS equipment;
- Power transformers;
- Lignite-fired station in Maritza.

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 Italy 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**

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, 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's subsidiary in Brazil, and certain current and former employees of the Group. Alstom is cooperating 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. Following the opening phase, this procedure is currently in the phase of production of evidence. The hearing phase took place from January to March 2016, with the deposition of current and former employees of the Group as well as the questioning of witnesses. CADE is actively asserting its positions in these proceedings and the final report setting forth its conclusions on the procedure is therefore expected to be presented by the end of 2016. It remains difficult to assess with precision the outcome of this procedure. Current and former employees of Alstom are also subject to criminal proceedings initiated 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 against Alstom's subsidiary in Brazil, along with a number of other companies, related to alleged anti-competitive practices regarding a train maintenance project, 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 €70 million) in relation to an ongoing procedure related to an energy project originated in the 1990s. The parties have since then agreed on a settlement of this matter and, given that these two Group's subsidiaries are to be transferred to General Electric upon the release of the shares freeze, Alstom will no longer be reporting on this case once the transfer becomes effective.

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 €600 million excluding possible damages in connection with a transportation project. The Group's subsidiaries are actively defending themselves.

Alstom has concluded on 22 December 2014 an agreement with the US 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 former 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. Given that these former US subsidiaries are now held by General Electric, the management of their deferred prosecution agreements is handled by General Electric. 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 $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 sale of Alstom's Energy businesses. This agreement was approved by the competent American court during a hearing held on 13 November 2015 and the payment of the fine stipulated in the agreement was effected on 23 November 2015. Subsequent to the validation of the agreement, Alstom has submitted to the DOJ the first annual report on its integrity program pursuant to the applicable three-year reporting period.

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. In March 2016, the SFO announced that it was pressing charges against a seventh individual in its investigation. The trial phase for the transportation projects is expected to begin in June 2016. It remains difficult to assess with precision the outcome of these procedures. It shall be noted that the proceedings related to the energy project in Lithuania involve a company transferred to General Electric and, in view of the sale of Alstom's Energy activities to General Electric referred to in the preliminary remark, the risks associated with this Lithuanian case as well as its management have been transferred to General Electric.

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.

- **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 and expertise.

- **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 guarantees 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 and the parties are processing documents production matters. In parallel, DLH has made renewed attempts to obtain payment of the bank guarantees but defense proceedings by the AMD consortium have enabled so far to reject these payment requests.

Also, through arbitration request notified on 29 September 2015, Marubeni Corporation launched proceedings against Alstom Transport SA taken as consortium leader in order to be compensated for the consequences of the termination of the contract with AMD. In a similar fashion, through arbitration request issued on 15 March 2016, the other consortium member Dogus launched proceedings against Alstom Transport SA with similar demands and a request to have the disputes between consortium members consolidated in a single case. Alstom Transport SA is rejecting these compensation requests and is defending itself in the proceedings.

- **Signalling 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 signalling 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 penalties, 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 had been suspended while the parties were exploring settlement possibilities. A settlement agreement putting an end to the dispute, notably through mutual claims releases, was entered into between the parties on 30 November 2015 and was submitted to the competent arbitral institution for validation. The validation of the settlement agreement by the competent arbitral institution on 27 January 2016 has led to the closure of this case, which therefore will no longer be reported.

- **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 (the "Minuetto case"), and the other to a supply contract of high-speed Pendolino trains awarded in 2004 (the "Pendolino case"). Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay and technical penalties and, consequently, to withhold payments. Since the parties dispute certain technical matters as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. In the Minuetto case, the technical expertise report has been released and Alstom is challenging its contents with amendment requests. This challenge is under review by the competent tribunal. In the Pendolino case, the technical expertise report was also released and Alstom has obtained certain corrections following its challenge on some of the conclusions of the report. On this case, the expertise phase is therefore over and the proceedings continue their path on the legal aspects of the dispute.

- **Intercity trains Poland**

On 30 May 2011, PKP Intercity SA ("PKP") and Alstom Transport subsidiaries in Poland and Italy entered into a contract for the delivery of trains and maintenance services to PKP. The delivery of the trains with the planned signalling system was not possible due to the lack of necessary railway infrastructure in Poland. Therefore, a dispute has arisen between the parties in connection with damages arising from project delays and PKP initiated arbitration proceedings on 29 April 2015. The arbitration proceedings are in the phase of assessment of damages claimed by the parties.

- **Northern Line - UK**

In 1997, NLSP (a special purpose entity owned 100 % by ALSTOM UK Holdings Ltd.) entered into a contract ("Contract") with London Underground Ltd (LUL) for the maintenance of 106 trains and related equipment of Northern Line. The Contract was transferred by LUL to Tube Lines (TLL) in 2002. The current Contract duration is 30 years (1997-2027) and is split in several periods. The Contract is a combination of 2 contracts covering respectively the leasing of assets and their maintenance.

A dispute has arisen between the parties in connection with the method of calculation of rental payments that are due by TLL for equipment on the Northern Line. As a result, adjudication proceedings were initiated by TLL on 11 May 2015. These adjudication proceedings are a fast-track dispute resolution mechanism where either party can ultimately challenge the adjudicator's decision through judicial appeal proceedings. On 29 October 2015, the adjudicator decided in favour of Alstom. In continuation of this decision, a settlement agreement was concluded between the parties in order to determine the allocation of litigation costs. This agreement led to the closure of the case, which therefore will no longer be reported.

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 (*)	332	59	273	-
Finance leases	32	10	12	10
Operating leases	245	29	133	83
TOTAL AT 31 MARCH 2016	**609**	**98**	**418**	**93**
Long term rental (*)	423	62	361	-
Finance leases	85	17	52	16
Operating leases	471	96	275	100
TOTAL AT 31 MARCH 2015	**979**	**175**	**688**	**116**

(*) 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 2015 and 31 March 2016 mainly arose from the transfer of the former Levallois headquarters to General Electric.

Note 32. Independent Auditors' fees

Fees due to auditors and members of their networks in respect of years ended 31 March 2016 and 31 March 2015 were as follows:

(in € million)	Year ended 31 March 2016 Mazars Amount	%	PricewaterhouseCoopers Amount	%	Year ended 31 March 2015 Mazars Amount	%	PricewaterhouseCoopers Amount	%
AUDIT								
Independent Auditors' diligence, certification, review of individual and consolidated accounts	4,8	84%	5,3	86%	7,0	80%	10,3	87%
. ALSTOM SA	*0,8*	*14%*	*0,9*	*15%*	*0,7*	*8%*	*1,2*	*10%*
. Controlled entities	*4,0*	*70%*	*4,4*	*71%*	*6,3*	*72%*	*9,1*	*77%*
Other audit diligence and audit related services	0,8	14%	0,2	4%	1,7	19%	1,1	9%
. ALSTOM SA	*0,3*	*5%*	*0,1*	*2%*	*0,3*	*3%*	*0,7*	*5%*
. Controlled entities	*0,5*	*9%*	*0,1*	*2%*	*1,4*	*16%*	*0,4*	*4%*
Sub-total	**5,6**	**98%**	**5,5**	**89%**	**8,7**	**99%**	**11,4**	**96%**
OTHER SERVICES								
Legal, tax and social (1)	0,1	2%	0,7	11%	0,1	1%	0,5	4%
Other	-	-	-	-	-	-	-	5%
Sub-total	**0,1**	**2%**	**0,7**	**11%**	**0,1**	**1%**	**0,5**	**4%**
TOTAL	**5,7**	**100%**	**6,2**	**100%**	**8,8**	**100%**	**11,9**	**100%**

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

Note 33. Related parties

The Group has identified the following related parties:

- Shareholders of the Group
- Associates & joint ventures (including Energy alliances)
- State & publicly owned companies
- Key management personnel

33.1. Shareholders of the Group

Bouygues, a French company listed on Paris stock market, and the *Agence des Participations de l'Etat* are the main shareholders of the Group, holding more than 5% of the parent company's share capital.

At 31 March 2016, the *Agence des Participations de l'Etat* and Bouygues hold respectively 20% and 8% of Alstom's share capital and voting rights.

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.

Moreover, the group has business relationships with government-owned companies, in particular SNCF, RATP and French Municipalities.

Transactions with SNCF concern the design and manufacturing of all types of railway rolling stock (tram-train, regional and intercity trains, high speed trains) for the needs of the businesses of SNCF Mobilités, They also concern the design, manufacturing and supply of safety and signalling equipments and solutions.

Transactions with RATP concern the design and manufacturing of rolling stock for Paris network (regional double deck trains, metros and tramways). They also concern the design, installation and testing of driverless rail signalling solutions and electrification solutions for tramways

Transactions with French municipalities concern the design and manufacturing of metro and tramways, signalling, energy and infrastructure works.

Associated to those transactions, the group provides also services with parts supply, repair and maintenance.
All these transactions are subject to public tenders with strict regulation and competition at normal market terms.

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

No significant transactions with the Energy JVs are expected.

	Year ended 31 March 2016		At 31 March 2016	
(in € million)	Income	Expenses	Receivables	Liabilities
Joint ventures	36	-	9	-
Associates	3	-	-	-

33.3. Key management personnel

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee. Due to the General Electric Deal, a managerial transition has been organized between the former Executive Committee of Alstom until the 2 November 2015 and the new Executive Committee. Moreover, Mr. Patrick Kron resigned from his duties as Chairman of the Board and Chief Executive Officer of Alstom and has been replaced for such duties by Mr. Henri Poupart-Lafarge effective 1 February 2016.

(in € thousand)	Year ended 31 March 2016	31 March 2015
Short-term benefits (1)	**24,399**	**8,136**
Fixed gross salaries	4,847	4,752
Variable gross salaries	3,002	3,384
Exceptional amounts (1)	16,550	-
Post-employment benefits	**1,064**	**3,694**
Post-employment defined benefit plans	915	3,558
Post-employment defined contribution plans	149	136
Other post-employment benefits	-	-
Other benefits	**6,987**	**5,384**
Non monetary benefits	455	209
Employer social contributions	5,459	2,080
Share-based payments (2)	1,073	3,095
TOTAL	**32,450**	**17,214**

(1) Exceptional amounts correspond to retention premiums and success fees paid to the former Executive Committee, agreed by and linked to the effective closing of the deal with General Electric and to severance packages. They include the exceptional and conditional remuneration paid to M. Patrick Kron as per the Board decision on 4 November 2014.

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

Movements between 31 March 2015 and 2016 is mainly consecutive to:

- A change in the Executive Committee composition after the effective sale of Energy activities to General Electric. In particular, the Executive Committee, previously composed of 7 members has moved to 12 members, in addition to the CEO;
- The change of CEO, having been considered as a change of actuarial assumption in the defined benefit valuation.

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. The list of all consolidated companies is available upon the request at the head office of the Group.

ALSTOM

COMPANIES	Country	Ownership %	Consolidation Method
PARENT COMPANY			
ALSTOM SA	France	-	Parent company
HOLDING COMPANIES			
ALSTOM Investment Company Limited	China	100%	Full consolidation
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Power Holdings	France	100%	Full consolidation
ALSTOM T20	France	100%	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	Great Britain	100%	Full consolidation
ALSTOM Spa	Italy	100%	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100%	Full consolidation
ALSTOM Holdings B.V.	Netherlands	100%	Full consolidation
ALSTOM Southern Africa Holdings	South Africa	100%	Full consolidation
ALSTOM Espana IB SA Holding	Spain	100%	Full consolidation
ALSTOM Transportation Holding US Inc	USA	100%	Full consolidation
INDUSTRIAL COMPANIES			
CITAL	Algeria	49%	Equity method
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	Canada	100%	Full consolidation
CASCO Signalling Ltd	China	49%	Equity method
SHANGHAI ALSTOM Electrical Equipment Ltd	China	60%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Transport UK Ltd	Great Britain	100%	Full consolidation
SIGNALLING Solutions Ltd	Great Britain	100%	Full consolidation
ALSTOM NL Service Provision Ltd	Great Britain	100%	Full consolidation
ALSTOM Babcock Costain JV	Great Britain	33%	Equity method
ALSTOM Hong-Kong Ltd	Hong-Kong	100%	Full consolidation
ALSTOM Transport India Ltd	India	100%	Full consolidation
CITADIS Israël Ltd	Israël	100%	Full consolidation
ALSTOM Ferroviaria S.p.A.	Italy	100%	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Transport BV	Netherlands	100%	Full consolidation
The Breakers Investments B.V.	Netherlands	33%	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 Transportation Inc.	USA	100%	Full consolidation
ALSTOM Signalling Inc.	USA	100%	Full consolidation
ALSTOM Signalling Operation, LLC	USA	100%	Full consolidation