ALSTOM

Consolidated financial statements

Year ended 31 March 2014

CONSOLIDATED INCOME STATEMENT

		Year ended	
(in € million)	**Note**	**31 March 2014****	**31 March 2013***
Sales	**(5)**	**20,269**	**20,269**
Cost of sales		(16,213)	(16,324)
Research and development expenses	(6)	(733)	(737)
Selling expenses		(966)	(952)
Administrative expenses		(933)	(793)
Income from operations	**(5)**	**1,424**	**1,463**
Other income	(7)	27	6
Other expense	(7)	(443)	(280)
Earnings before interest and taxes	**(5)**	**1,008**	**1,189**
Financial income	(8)	28	36
Financial expense	(8)	(336)	(302)
Pre-tax income		**700**	**923**
Income tax charge	(9)	(163)	(186)
Share in net income of equity investments	(13)	29	47
NET PROFIT		**566**	**784**
Attribuable to:			
- Equity holders of the parent		556	768
- Non controlling interests		10	16
Earnings per share (in €)			
- Basic earnings per share	(10)	1.80	2.55
- Diluted earnings per share	(10)	1.78	2.52

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

** See Note 2 "Accounting policies": change in accounting estimates

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
(in € million)	**Note**	**31 March 2014**	**31 March 2013***
Net profit recognised in income statement		**566**	**784**
Remeasurement of post-employment benefits obligations	(24)	107	(251)
Income tax relating to items that will not be reclassified to profit or loss	(9)	(54)	47
Items that will not be reclassified to profit or loss		**53**	**(204)**
Fair value adjustments on available-for-sale assets		(15)	(1)
Fair value adjustments on cash flow hedge derivatives		(1)	15
Currency translation adjustments	(21)	(326)	36
Income tax relating to items that may be reclassified to profit or loss	(9)	4	(2)
Items that may be reclassified to profit or loss		**(338)**	**48**
Other comprehensive income		**(285)**	**(156)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**281**	**628**
Attributable to:			
- Equity holders of the parent		285	613
- Non controlling interests		(4)	15

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

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

CONSOLIDATED BALANCE SHEET

(in € million)	**Note**	**At 31 March 2014**	**At 31 March 2013***
Goodwill	(11)	5,281	5,536
Intangible assets	(11)	2,054	1,982
Property, plant and equipment	(12)	3,032	3,024
Associates and non consolidated investments	(13)	620	698
Other non-current assets	(14)	533	521
Deferred taxes	(9)	1,647	1,720
Total non-current assets		**13,167**	**13,481**
Inventories	(15)	2,977	3,144
Construction contracts in progress, assets	(16)	3,967	4,158
Trade receivables	(17)	4,483	5,285
Other current operating assets	(18)	3,203	3,328
Marketable securities and other current financial assets	(19)	18	36
Cash and cash equivalents		2,320	2,195
Assets held for sale	(28)	293	-
Total current assets		**17,261**	**18,146**
TOTAL ASSETS		**30,428**	**31,627**

(in € million)	**Note**	**At 31 March 2014**	**At 31 March 2013***
Equity attributable to the equity holders of the parent	(21)	5,044	4,994
Non controlling interests		65	93
Total equity		**5,109**	**5,087**
Non-current provisions	(23)	710	680
Accrued pension and other employee benefits	(24)	1,526	1,674
Non-current borrowings	(25)	4,009	4,197
Non-current obligations under finance leases	(25)	398	433
Deferred taxes	(9)	176	284
Total non-current liabilities		**6,819**	**7,268**
Current provisions	(23)	1,191	1,309
Current borrowings	(25)	1,267	283
Current obligations under finance leases	(25)	47	42
Construction contracts in progress, liabilities	(16)	8,458	9,909
Trade payables		3,866	4,041
Other current operating liabilities	(27)	3,671	3,688
Liabilities held for sale	(28)	-	-
Total current liabilities		**18,500**	**19,272**
TOTAL EQUITY AND LIABILITIES		**30,428**	**31,627**

* Figures have been adjusted as mentioned in Note 3 “Changes in accounting method” following the application of IAS 19 revised

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended	
(in € million)	**Note**	**31 March 2014**	**31 March 2013***
Net profit		**566**	**784**
Depreciation, amortisation and expense arising from share-based payments		569	543
Post-employment and other long-term defined employee benefits		(17)	(24)
Net (gains)/losses on disposal of assets		(23)	34
Share in net income of associates (net of dividends received)	(13)	7	(18)
Deferred taxes charged to income statement	(9)	(163)	(80)
Net cash provided by operating activities - before changes in working capital		**939**	**1,239**
Changes in working capital resulting from operating activities	**(20)**	**(300)**	**(150)**
Net cash provided by/(used in) operating activities		**639**	**1,089**
Proceeds from disposals of tangible and intangible assets		34	57
Capital expenditure (including capitalised R&D costs)	(6)	(844)	(738)
Increase/(decrease) in other non-current assets		(9)	37
Acquisitions of businesses, net of cash acquired		(105)	(472)
Disposals of businesses, net of cash sold		17	(2)
Net cash provided by/(used in) investing activities		**(907)**	**(1,118)**
Capital increase/(decrease) including non controlling interests		36	351
Dividends paid including payments to non controlling interests		(267)	(243)
Changes in ownership interests with no gain/loss of control		-	(48)
Issuances of bonds & notes	(25)	500	350
Repayments of bonds & notes issued		(26)	-
Changes in current and non-current borrowings		346	(174)
Changes in obligations under finance leases		(38)	(45)
Changes in marketable securities and other current financial assets and liabilities		13	(11)
Net cash provided by/(used in) financing activities		**564**	**180**
Net increase/(decrease) in cash and cash equivalents		**296**	**151**
Cash and cash equivalents at the beginning of the period		2,195	2,091
Net effect of exchange rate variations		(148)	(49)
Other changes		(23)	2
Cash and cash equivalents at the end of the period		**2,320**	**2,195**
Income tax paid		*(266)*	*(240)*
Net of interests paid & received		*(202)*	*(186)*

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

		Year ended	
(in € million)	**Note**	**31 March 2014**	**31 March 2013***
Net cash/(debt) variation analysis (1)			
Changes in cash and cash equivalents		296	151
Changes in marketable securities and other current financial assets & liabilities		(13)	11
Changes in bonds and notes		(474)	(350)
Changes in current and non-current borrowings		(346)	174
Changes in obligations under finance leases		38	45
Net debt of acquired entities at acquisition date and other variations		(178)	119
Decrease/(increase) in net debt		(677)	150
Net cash/(debt) at the beginning of the period		**(2,342)**	**(2,492)**
Net cash/(debt) at the end of the period	(26)	**(3,019)**	**(2,342)**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

(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 25).

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 2012*	**294,533,680**	**2,062**	**622**	**3,155**	**(1,531)**	**4,308**	**107**	**4,415**
Movements in other comprehensive income	-	-	-	-	(155)	(155)	(1)	(156)
Net income for the period	-	-	-	768	-	768	16	784
Total comprehensive income	**-**	**-**	**-**	**768**	**(155)**	**613**	**15**	**628**
Change in controlling interests and others	8	-	-	(54)	-	(54)	(19)	(73)
Dividends paid	-	-	-	(236)	-	(236)	(10)	(246)
Issue of ordinary shares	13,133,208	92	251	-	-	343	-	343
Issue of ordinary shares under long term incentive plans	491,230	3	2	-	-	5	-	5
Recognition of equity settled share-based payments	-	-	-	15	-	15	-	15
At 31 March 2013*	**308,158,126**	**2,157**	**875**	**3,648**	**(1,686)**	**4,994**	**93**	**5,087**
Movements in other comprehensive income	-	-	-	-	(271)	(271)	(14)	(285)
Net income for the period	-	-	-	556	-	556	10	566
Total comprehensive income	**-**	**-**	**-**	**556**	**(271)**	**285**	**(4)**	**281**
Change in controlling interests and others	101	-	-	11	-	11	(15)	(4)
Dividends paid	-	-	-	(259)	-	(259)	(9)	(268)
Issue of ordinary shares under long term incentive plans	543,919	4	1	(3)	-	2	-	2
Recognition of equity settled share-based payments	-	-	-	11	-	11	-	11
At 31 March 2014	**308,702,146**	**2,161**	**876**	**3,964**	**(1,957)**	**5,044**	**65**	**5,109**

* Figures have been adjusted as mentioned in Note 3 “Changes in accounting method” following the application of IAS 19 revised

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

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Note 1. Presentation of the Group

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

The operational activities of the Group are organised in four Sectors:

- **Thermal Power**

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

- **Renewable Power**

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

- **Grid**

The Grid Sector designs and manufactures equipment and engineered turnkey solutions to manage power grids and transmit electricity from the power plant to the large end-users, be it distribution utilities or industrial process or production facilities.

- **Transport**

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

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 6 May 2014. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 1 July 2014.

Note 2. Accounting policies

2.1 Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2014, 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 2014;
- using the same accounting policies and measurement methods as at 31 March 2013, with the exceptions of changes required by the enforcement of new standards and interpretations and with a change in accounting estimates as described below (see Note 2.1.3).

The information relating to consolidated financial statements for the fiscal year ended 31 March 2012, presented in the 2012/13 registration document D.13-0571 filed with the AMF on 29 May 2013 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 2013

- IAS 19 revised, Employee benefits: the changes and impacts resulting from the revision of IAS 19, Employee benefits, are detailed in Note 3 "Changes in accounting method";
- IFRS 13, Fair Value Measurement: this standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy' which results in a market based, rather than entity specific, measurement;
- Amendments to IAS 12, Income taxes – Deferred taxes: recovery of underlying assets;
- Amendments to IFRS 7, Financial instruments: Disclosures – Offsetting financial assets and financial liabilities;
- Improvements to IFRS 2009-2011.

Except the changes in accounting method related to IAS 19 revised described in Note 3, the other standards, amendments and interpretations effective as of 1 April 2013 do not have a material impact on the Group's consolidated financial statements.
Moreover, the Group has applied by anticipation since 1 April 2011 the amendment to IAS 1, Presentation of items of other comprehensive income which is now mandatory. This amendment requests the distinction between comprehensive income elements that will be reclassified in profit or loss and elements that will not. This amendment does not have a material impact on the presentation of the Group's published consolidated statement of comprehensive income.

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

- **Standards on consolidation (IFRS 10, Consolidated Financial statements; IFRS 11, Joint arrangements; IFRS 12, Disclosure of interests in other entities; IAS 28 revised, Investments in associates and joint ventures) and related amendments (Transition guidance and investment entities)**

The Group will apply the consolidation standards (IFRS 10, IFRS 11, IFRS 12 and IAS 28 revised) starting 1 April 2014.

The Group is currently finalizing the assessment of the impact of applying these new standards for the first time.

- **IFRS 10, Consolidated financial statements**

This standard defines control as being exercised when an investor is exposed, or has rights, to variable returns from his involvement with the investee and has the ability to affect those returns through his power over the investee. The impact of applying this new standard on the consolidated financial statements is not expected to be significant.

- **IFRS 11, Joint arrangements**

The new standard mainly prescribes two different accounting treatments:
- Joint arrangements qualifying as joint operations will be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a separate vehicle or not;
- Joint arrangements that are qualified as joint ventures will be accounted for using the equity method as the parties have rights to the net assets of the arrangement.

The Group analysed its jointly controlled entities in light of IFRS 11, so as to determine if they shall be classified as joint operations or joint ventures.
Entities over which the Group exercises joint control, currently consolidated until now in accordance with the proportionate consolidation method and expected to be classified as joint ventures under IFRS 11 mainly relate to Transport Sector.

The Group has assessed the impact of applying this new standard. However, as the contribution of the jointly controlled entities to the Group's main financial indicators is currently not material, the impact on the consolidated financial statements is not expected to be significant.

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

These amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

- **Financial instruments:**
    - Classification and measurement of financial assets (IFRS 9)
    - Mandatory effective date and transition guidance (amendments to IFRS 9 and IFRS 7)
- **Defined Benefit Plans: Employee contributions (amendments to IAS 19R)**
- **Levies (IFRIC 21)**
- **Improvements to IFRS 2010-2012 and IFRS 2011-2013**

The Group is carrying out the assessment of the impact of applying these new standards and interpretations for the first time.

2.1.3. Change in accounting estimates

In order to increase costs visibility and control, costs allocation used for projects accounting has been modified starting from 1 April 2013, in Transport Sector. This change leads to allocate differently costs between contract indirect production costs and overhead expenses. In accordance with IAS 8, this change is analysed as a change in accounting estimates and is thus recognised prospectively. The estimated impact for the year ended 31 March 2014 is a decrease in Costs of sales for €146 million against an increase in Selling expenses and Administrative expenses for respectively €22 million and €132 million.

2.2. Use of estimates

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

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

- **Revenue and margin recognition on construction and long-term service contracts and related provisions**

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

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

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

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

- **Estimate of provisions relating to litigations**

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

- **Valuation of deferred tax assets**

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

- **Measurement of post-employment and other long-term defined employee benefits**

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

- **Valuation of assets**

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

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

- **Inventories**

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

2.3. Significant accounting policies

2.3.1. Consolidation methods

Subsidiaries

Entities over which the Group exercises exclusive control are fully consolidated. Exclusive control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities, whether it holds shares or not.

Inter-company balances and transactions are eliminated.

Results of operations of subsidiaries acquired or disposed of during the year are recognised in the consolidated income statement as from the date of acquisition or up to the date of disposal, respectively.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to the equity holders of the parent. 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.

Interests in joint ventures

Entities over which the Group exercises joint control are consolidated according to the proportionate consolidation method whereby the Group's share of the joint ventures' results, assets and liabilities is recorded in the consolidated financial statements. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in associates

Entities in which the Group exercises significant influence but not control, are accounted for under the equity method. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised 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 associates purchased by stage, the Group uses the cost method to account for changes from available for sales (AFS) category to associates.

Associates are presented in the line "Associates and non-consolidated investments" of the balance sheet, and the Group's share of its associates' profits or losses is recognised in the line "Share in net income of equity investments" of the income statement whereas its share of post-acquisition movements in reserves is recognised in reserves

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

The impairment expense of investments in associates is recorded in the line "Share in net income of equity investments" of the income statement.

2.3.2 Translation of financial statements denominated in currencies other than euro

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

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

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

2.3.3 Business combinations

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

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

For each business combination, any non-controlling interest in the acquiree may be measured either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's share of goodwill (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).
Acquisition-related costs are recorded as an expense as incurred.

Goodwill arising from a business combination is measured as the difference between:
- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree; and
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

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

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

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

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

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

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

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

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

2.3.5. Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) to allocate resources to the segments and assess their performance. There is no segment aggregation.

The Chief Executive Officer is the Group's "chief operating decisions maker" within the meaning of IFRS 8.
The methods used to measure the key performance indicators of the segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements.

2.3.6. Sales and costs generated by operating activities

Measurement of sales and costs

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

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

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

Recognition of sales and costs

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

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

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

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

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.
Bid costs are directly recorded as expenses when a contract is not secured.

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

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

2.3.7. Income from operations

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

2.3.8. Other income and other expense

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

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

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

2.3.9. Financial income and expense

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

2.3.10. Foreign currency transactions

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

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

Hedging relationships may be of two types:

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

Cash flow hedge

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

Fair value hedge

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

Whatever the type of hedge, the ineffective portion on the hedging instrument is recognised in the income statement. Realised and unrealised exchange gains and losses on hedged items and hedging instruments are recorded within income from operations when they relate to operating activities or within financial income or expense when they relate to financing activities.

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.

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

2.3.11. Intangible assets

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

Acquired intangible assets

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

Internally generated intangible assets

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

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

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

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

2.3.12. Property, plant and equipment

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

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

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

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

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

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

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

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

2.3.13. Impairment of goodwill, tangible and intangible assets

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

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

For internal management purposes, goodwill acquired in a business combination is monitored at the level of the Sectors as defined in Note 1: therefore goodwill is tested for impairment at the level of the group of cash-generating units constituting each Sector.

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 of each Sector.

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

2.3.14. Financial assets

Loans and deposits

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

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

Investments and debt securities

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

The fair value of listed securities is the market value at the closing date. A valuation model is used in case of unlisted securities. Changes in fair value are directly recognised in other comprehensive income until the security is disposed of or is determined to be impaired. On disposal or in case of significant or prolonged decline in the fair value, the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Unlike impairment losses recognised in respect of investments in a debt instrument, impairment losses recognised in respect of investments in equity instruments cannot be reversed through profit and loss.

When the fair value cannot be determined reliably, investments in non-consolidated companies are measured at cost. Any impairment loss recognised for such investment is not reversed in a subsequent period, except when disposed of.

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

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

Derivative financial instruments

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

Receivables

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

2.3.15. Inventories

Raw materials and supplies, work in progress and finished products are stated at the lower of cost, using the weighted average cost method, or net realisable value.

Inventory cost includes direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their existing location and condition.

Work in progress refers to costs incurred on product contracts or short term service contracts whose execution will be finalised during a next period.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.3.16. Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.3.17. Taxation

The group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It 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 ventures 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.

Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

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

2.3.18. Provisions

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

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

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

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

2.3.19. Financial liabilities

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

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

Payables

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

2.3.20. Interest rate derivatives

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

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective part of hedged risk. In the case of cash flow hedge relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. When the forecast transaction results in the recognition of a monetary item, the amounts previously recognised directly in other comprehensive income are reclassified to the income statement.

2.3.21. Share-based payments

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

Equity-settled share-based payments

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

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

Cash-settled share-based payments

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

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

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

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

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

Post-employment defined benefit plans

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

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

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

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

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

Post-employment defined contribution plans

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

Other long-term employee benefits

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

2.3.23. Off balance sheet commitments

Commitments arising from execution of operations controlled by the Group

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

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

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

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

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

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.
No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable. Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

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

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

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

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

2.3.24. Earnings per share

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

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

2.3.25. Presentation of consolidated financial statements

The consolidated financial statements are presented in millions of Euros. Certain reclassifications may have been made to prior year amounts to conform to current year presentation.

Note 3. Changes in accounting method

As of 1 April 2013, the Group applies IAS 19 revised. The main changes of this revised standard are the following:

- Elimination of the option of applying the corridor approach for post-employment benefits: as a result, all actuarial gains and losses are recognized immediately in liabilities and are recorded for each period systematically in "other comprehensive income";
- Past service costs are also recognized immediately in liabilities and are recorded in the income statement;
- The expected return on plan assets is now calculated on the basis of the discount rate used to value the defined benefit obligation rather than on the basis of market expectations for returns.

In compliance with IAS 8, these changes in accounting method are applied retrospectively.

As the Group already applied the option offered by IAS 19 to recognize in other comprehensive income the actuarial gains and losses in the period in which they arise, Alstom is not impacted by the elimination of the corridor option. Other changes have the following impacts on the Group's consolidated financial statements.

CONSOLIDATED INCOME STATEMENT RESTATED

(in € million)	Year ended 31 March 2013 Published	Impacts IAS 19R	Restated
Sales	**20,269**		**20,269**
Cost of sales	(16,324)		(16,324)
Research and development expenses	(737)		(737)
Selling expenses	(952)		(952)
Administrative expenses	(793)		(793)
Income from operations	**1,463**	**-**	**1,463**
Other income	6		6
Other expense	(282)	2	(280)
Earnings before interest and taxes	**1,187**	**2**	**1,189**
Financial income	36		36
Financial expense	(259)	(43)	(302)
Pre-tax income	**964**	**(41)**	**923**
Income tax charge	(193)	7	(186)
Share in net income of equity investments	47		47
NET PROFIT	**818**	**(34)**	**784**
Attributable to:			
- Equity holders of the parent	802	(34)	768
- Non controlling interests	16	-	16
Earnings per share (in €)			
- Basic earnings per share	2.66	(0.11)	2.55
- Diluted earnings per share	2.64	(0.12)	2.52

STATEMENT OF COMPREHENSIVE INCOME RESTATED

(in € million)	Year ended 31 March 2013 Published	Impacts IAS 19R	Restated
Net profit recognised in income statement	**818**	**(34)**	**784**
Actuarial gains and losses on post-employment benefits	(295)	44	(251)
Income tax relating to items that will not be reclassified to profit or loss	55	(8)	47
Items that will not be reclassified to profit or loss	**(240)**	**36**	**(204)**
Fair value ajustments on available-for-sale assets	(1)		(1)
Fair value ajustments on cash flow hedge derivatives	15		15
Currency translation adjustments	36		36
Income tax relating to items that may be reclassified to profit or loss	(2)		(2)
Items that may be reclassified to profit or loss	**48**	**-**	**48**
Other comprehensive income	**(192)**	**36**	**(156)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**626**	**2**	**628**
Attributable to:			
- Equity holders of the parent	611	2	613
- Non controlling interests	15	-	15

CONSOLIDATED BALANCE SHEET RESTATED

	At 31 March 2013			At 31 March 2012		
(in € million)	Published	Impacts IAS 19R	Restated	Published	Impacts IAS 19R	Restated
ASSETS						
Goodwill	5,536		5,536	5,483		5,483
Intangible assets	1,982		1,982	1,921		1,921
Property, plant and equipment	3,024		3,024	2,852		2,852
Associates and non consolidated investments	698		698	531		531
Other non-current assets	515	6	521	545	6	551
Deferred taxes	1,711	9	1,720	1,472	10	1,482
Total non-current assets	**13,466**	**15**	**13,481**	**12,804**	**16**	**12,820**
Inventories	3,144		3,144	3,138		3,138
Construction contracts in progress, assets	4,158		4,158	3,752		3,752
Trade receivables	5,285		5,285	5,692		5,692
Other current operating assets	3,328		3,328	3,557		3,557
Marketable securities and other current financial	36		36	13		13
Cash and cash equivalents	2,195		2,195	2,091		2,091
Total current assets	**18,146**	**-**	**18,146**	**18,243**	**-**	**18,243**
TOTAL ASSETS	**31,612**	**15**	**31,627**	**31,047**	**16**	**31,063**

	At 31 March 2013			At 31 March 2012		
(in € million)	Published	Impacts IAS 19R	Restated	Published	Impacts IAS 19R	Restated
EQUITY AND LIABILITIES						
Equity attributable to the equity holders of the parent	5,011	(17)	4,994	4,327	(19)	4,308
Non controlling interests	93		93	107		107
Total equity	**5,104**	**(17)**	**5,087**	**4,434**	**(19)**	**4,415**
Non-current provisions	680		680	804		804
Accrued pension and other employee benefits	1,642	32	1,674	1,417	35	1,452
Non-current borrowings	4,197		4,197	3,863		3,863
Non-current obligations under finance leases	433		433	477		477
Deferred taxes	284		284	176		176
Total non-current liabilities	**7,236**	**32**	**7,268**	**6,737**	**35**	**6,772**
Current provisions	1,309		1,309	1,414		1,414
Current borrowings	283		283	634		634
Current obligations under finance leases	42		42	48		48
Construction contracts in progress, liabilities	9,909		9,909	9,508		9,508
Trade payables	4,041		4,041	4,080		4,080
Other current operating liabilities	3,688		3,688	4,192		4,192
Total current liabilities	**19,272**	**-**	**19,272**	**19,876**	**-**	**19,876**
TOTAL EQUITY AND LIABILITIES	**31,612**	**15**	**31,627**	**31,047**	**16**	**31,063**

CONSOLIDATED STATEMENT OF CASH FLOWS RESTATED

(in € million)	Year ended 31 March 2013		
	Published	**Impacts IAS 19R**	**Restated**
Net profit	**818**	**(34)**	**784**
Depreciation, amortisation and expense arising from share-based payments	543		543
Post-employment and other long-term defined employee benefits	(65)	41	(24)
Net (gains)/losses on disposals of assets	34		34
Share in net income of associates (net of dividends received)	(18)		(18)
Deferred taxes charged to income statement	(73)	(7)	(80)
Net cash provided by operating activities - before changes in working capital	**1,239**	**-**	**1,239**
Changes in working capital resulting from operating activities	**(150)**	**-**	**(150)**
Net cash provided by /(used in) operating activities	**1,089**	**-**	**1,089**
Proceeds from disposals of tangible and intangible assets	57		57
Capital expenditure (including capitalised R&D costs)	(738)		(738)
Increase/(decrease) in other non-current assets	37		37
Acquisitions of businesses, net of cash acquired	(472)		(472)
Disposals of businesses, net of net cash sold	(2)		(2)
Net cash provided by/(used in) investing activities	**(1,118)**	**-**	**(1,118)**
Capital increase/(decrease) including non controlling interests	351		351
Dividends paid including payments to non controlling interests	(243)		(243)
Changes in ownership interests with no gain/loss of control	(48)		(48)
Issuance of bonds & notes	350		350
Changes in current and non-current borrowings	(174)		(174)
Changes in obligations under finance leases	(45)		(45)
Changes in marketable securities and other current financial assets and liabilities	(11)		(11)
Net cash provided by/ (used in) financing activities	**180**	**-**	**180**
Net increase/(decrease) in cash and cash equivalents	**151**		**151**
Cash and cash equivalents at the beginning of the period	2,091		2,091
Net effect of exchange rate variations	(49)		(49)
Other changes	2		2
Cash and cash equivalents at the end of the period	**2,195**	**-**	**2,195**
Income tax paid	*(240)*		*(240)*
Net of interests paid & received	*(186)*		*(186)*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY RESTATED

(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 2012 Published	**294,533,680**	**2,062**	**622**	**3,226**	**(1,583)**	**4,327**	**107**	**4,434**
Impacts IAS 19R				*(71)*	*52*	***(19)***	**-**	***(19)***
At 31 March 2012 Restated	**294,533,680**	**2,062**	**622**	**3,155**	**(1,531)**	**4,308**	**107**	**4,415**
Movements in other comprehensive income (published)					(191)	**(191)**	(1)	**(192)**
Net income for the period				802		**802**	16	**818**
Impacts IAS 19R				*(34)*	*36*	***2***		***2***
Total comprehensive income				768	(155)	613	15	628
Change in controlling interests and other	8	-	-	(54)	-	**(54)**	(19)	**(73)**
Dividends paid	-	-	-	(236)	-	**(236)**	(10)	**(246)**
Issue of ordinary shares	13,133,208	92	251			**343**		**343**
Issue of ordinary shares under long term incentive plans	491,230	3	2	-	-	**5**	-	**5**
Recognition of equity settled share-based payments	-	-	-	15	-	**15**	-	**15**
At 31 March 2013 Restated	**308,158,126**	**2,157**	**875**	**3,648**	**(1,686)**	**4,994**	**93**	**5,087**
Impacts IAS 19R	**-**	**-**	**-**	105	(88)	17	-	17
At 31 March 2013 Published	**308,158,126**	**2,157**	**875**	**3,753**	**(1,774)**	**5,011**	**93**	**5,104**

Note 4. Scope of consolidation

The Group did not undertake any significant acquisition or disposal within the period.

Note 5. Segment information

5.1 Key indicators by operating segment

At 31 March 2014

(in € million)	Thermal Power	Renewable Power	Grid	Transport	Corporate & Others	Eliminations	Total
Sales	8,840	1,835	3,877	5,879	-	(162)	20,269
Inter Sector eliminations	(53)	(6)	(100)	(3)	-	162	-
Total Sales	**8,787**	**1,829**	**3,777**	**5,876**	**-**	**-**	**20,269**
Income (loss) from operations	**930**	**82**	**211**	**330**	**(129)**	**-**	**1,424**
Earnings (loss) before interest and taxes	**854**	**2**	**169**	**252**	**(269)**	**-**	**1,008**
Financial income (expense)							(308)
Income tax							(163)
Share in net income of equity investments							29
NET PROFIT							**566**
Segment assets (1)	**9,990**	**3,086**	**5,072**	**6,916**	**993**	**-**	**26,057**
Deferred taxes (assets)							1,647
Prepaid employee defined benefit costs							22
Financial assets							2,702
TOTAL ASSETS							**30,428**
Segment liabilities (2)	**7,216**	**1,641**	**2,972**	**5,035**	**1,032**	**-**	**17,896**
Deferred taxes (liabilities)							176
Accrued employee defined benefit costs							1,526
Financial debt							5,721
Total equity							5,109
TOTAL EQUITY AND LIABILITIES							**30,428**
Capital employed (3)	**2,774**	**1,445**	**2,100**	**1,881**	**(39)**	**-**	**8,161**
Capital expenditure	**(282)**	**(211)**	**(104)**	**(191)**	**(56)**	**-**	**(844)**
Depreciation and amortisation in EBIT	**222**	**40**	**86**	**144**	**52**	**-**	**544**

(1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, associates 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. For Thermal Power, segment assets include assets held for sale.

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

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

At 31 March 2013*

(in € million)	Thermal Power	Renewable Power	Grid	Transport	Corporate & Others	Eliminations	Total
Sales	9,252	1,808	3,922	5,461	-	(174)	20,269
Inter Sector eliminations	(73)	(5)	(93)	(3)	-	174	-
Total Sales	**9,179**	**1,803**	**3,829**	**5,458**	**-**	**-**	**20,269**
Income (loss) from operations	**959**	**88**	**238**	**297**	**(119)**	**-**	**1,463**
Earnings (loss) before interest and taxes	**917**	**(10)**	**140**	**287**	**(145)**	**-**	**1,189**
Financial income (expense)							(266)
Income tax							(186)
Share in net income of equity investments							47
NET PROFIT							**784**
Segment assets (1)	**10,835**	**3,106**	**5,462**	**6,648**	**1,227**	**-**	**27,278**
Deferred taxes (assets)							1,720
Prepaid employee defined benefit costs							16
Financial assets							2,613
TOTAL ASSETS							**31,627**
Segment liabilities (2)	**8,571**	**1,906**	**3,280**	**4,724**	**1,146**	**-**	**19,627**
Deferred taxes (liabilities)							284
Accrued employee defined benefit costs							1,674
Financial debt							4,955
Total equity							5,087
TOTAL EQUITY AND LIABILITIES							**31,627**
Capital employed (3)	**2,264**	**1,200**	**2,182**	**1,924**	**81**	**-**	**7,651**
Capital expenditure	**(238)**	**(166)**	**(113)**	**(175)**	**(46)**	**-**	**(738)**
Depreciation and amortisation in EBIT	**225**	**34**	**134**	**125**	**44**	**-**	**562**

* Figures have been adjusted as mentioned in Note 3 “Changes in accounting method” following the application of IAS 19 revised

(1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, associates and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, construction contracts in progress assets, trade receivables and other operating assets.
(2) Segment liabilities are defined as the sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities.
(3) Capital employed corresponds to segment assets *minus* segment liabilities.

5.2 Key indicators by geographic area

Sales by country of destination

	Year ended	
(in € million)	**31 March 2014**	**31 March 2013**
Western Europe	6,603	6,571
thereof France	*2,020*	*2,168*
Eastern Europe	2,178	1,953
North America	2,417	2,583
thereof USA	*1,596*	*1,689*
South & Central America	1,524	1,561
Asia & Pacific	4,281	4,478
Middle-East & Africa	3,266	3,123
TOTAL GROUP	**20,269**	**20,269**

Non-current assets by country of origin

(in € million)	At 31 March 2014	At 31 March 2013
Western Europe (1)	9,071	9,280
thereof France (2)	2,723	2,957
Eastern Europe	604	245
North America	624	707
thereof USA	524	588
South & Central America	234	201
Asia & Pacific	839	885
Middle-East & Africa	55	46
TOTAL GROUP	**11,427**	**11,364**

(1) This amount includes goodwill of Thermal Power & Renewable Power Sectors. It also includes assets held for sale.

(2) This amount includes goodwill of Grid Sector.

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

5.3 Information about major customers

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

Note 6. Research and development expenditure

	Year ended	
(in € million)	31 March 2014	31 March 2013
Research and development expenses	**(733)**	**(737)**
Development costs capitalised during the period (see note 11.2)	(279)	(233)
Amortisation expense of capitalised development costs (see note 11.2)	111	82
Amortisation of acquired technology (see note 11.2)	86	94
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**(815)**	**(794)**

During the fiscal year ended 31 March 2014, the Group invested €815 million in research and development in order to extend its existing product offering and to foster innovation in high-growth markets. These research and development programmes relate mainly to:

- the ongoing development of the range of gas turbines,
- the improvement of Transport Sector product offering (Urbalis fluence, new Citadis, etc),
- the development of Haliade™ offshore wind turbines and Tidal turbines,
- further development of High Voltage Direct Current (HVDC) and digital substation technologies in the fields of Super Grid and Smart Grid.

Note 7. Other income and other expense

	Year ended	
(in € million)	**31 March 2014**	**31 March 2013***
Capital gains on disposal of businesses	27	6
Other income	**27**	**6**
Capital losses on disposal of businesses	(3)	(50)
Restructuring and rationalisation costs	(220)	(137)
Impairment loss	(70)	(37)
Other	(150)	(56)
Other expense	**(443)**	**(280)**
OTHER INCOME (EXPENSE)	**(416)**	**(274)**

* Figures have been adjusted as mentioned in Note 3 “Changes in accounting method” following the application of IAS 19 revised

Other income comprises capital gain arising from Ring Motors business disposal following Renewable Power decision to concentrate its Bilbao site on activities directly related to hydropower.

Restructuring costs derive from the adaptation of the Group’s footprint in order to take into account the lower demand in developed countries, mainly in Europe, and the situation of global overcapacity faced in some segments.

Rationalisation costs are linked to the Group-wide cost competitiveness plan called D2E (Dedicated to Excellence).

Non-recurring impairment losses concern primarily the Transport Sector for €20 million and Renewable Power for €46 million (wind business) for the year ended 31 March 2014.

The line “Other” in “Other expense” mainly derives from costs of legal proceedings that have arisen outside the ordinary course of business (see Note 30.2).

Note 8. Financial income (expense)

(in € million)	Year ended 31 March 2014	31 March 2013*
Interest income	18	29
Net exchange gain	4	-
Other financial income	6	7
Financial income	**28**	**36**
Interest expense	(217)	(194)
Net financial expense from employee defined benefit plans (see note 24.7)	(69)	(68)
Net exchange loss	-	(5)
Other financial expense	(50)	(35)
Financial expense	**(336)**	**(302)**
FINANCIAL INCOME (EXPENSE)	**(308)**	**(266)**
Out of which :		
Financial income/(expense) arising from financial instruments (see Note 26.1)	(239)	(195)

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

Interest income of €18 million represents the remuneration of the Group's cash position over the period.
Interest expense of €(217) million represents the cost of the gross financial debt.

Net financial expense from employee defined benefit plans of €(69) million represents the interest cost on obligations net of the interest income on plan assets calculated using the same rate (see Note 24.7).

Other financial expense of €(50) million include fees and commitment fees paid on guaranteed facilities, syndicated loans and other financing facilities for €(26) million versus €(19) million for the fiscal year ended 31 March 2013.

Note 9. Taxation

9.1 Analysis of income tax charge

The following table summarises the components of income tax charge:

(in € million)	Year ended 31 March 2014	31 March 2013*
Current income tax charge	(326)	(266)
Deferred income tax charge	163	80
Income tax charge	**(163)**	**(186)**
EFFECTIVE TAX RATE	**23%**	**20%**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

For the period ended 31 March 2014, the effective tax rate is 23% and includes the effect of recent tax measures in France (exceptional contribution of 10.7% and the 3.0% dividend tax).

Note that the effective tax rate may change from one year to another, notably based on the following events:

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

9.2 Effective income tax rate

The following table provides reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge:

	Year ended	
(in € million)	**31 March 2014**	**31 March 2013***
Pre-tax income	**700**	**923**
Statutory income tax rate of the parent company**	34.43%	34.43%
Expected tax charge	**(241)**	**(318)**
Impact of:		
- Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	112	137
- Transactions liable for reduced tax rate	9	(20)
- Changes in unrecognised deferred tax assets	76	2
- Changes in tax rates	(7)	(10)
- Additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(71)	(68)
- Permanent differences and other (1)	(41)	91
Income tax charge	**(163)**	**(186)**
EFFECTIVE TAX RATE	**23%**	**20%**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

** Free of the temporary additional contributions

(1) Including operations of internal reorganisation.

For the year ended 31 March 2014, the difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France arises mainly from Switzerland, United Kingdom and China.

9.3 Deferred tax assets and liabilities

(in € million)	**At 31 March 2014**	**At 31 March 2013***
Deferred tax assets	1,647	1,720
Deferred tax liabilities	(176)	(284)
DEFERRED TAX ASSETS, NET	**1,471**	**1,436**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

9.4 Changes in net deferred tax assets

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

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

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

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

(in € million)	At 31 March 2012*	Change in P&L	Change in equity (1)	Changes in consolidation scope	Translation adjustments and other changes	At 31 March 2013*
Differences between carrying amount and tax basis of tangible and intangible assets	(150)	83	-	11	(37)	(93)
Accruals for employee benefit costs not yet deductible	252	(9)	47	-	(3)	287
Provisions and other accruals not yet deductible	500	53	-	-	(37)	516
Differences in recognition of margin on construction contracts	(279)	48	-	-	98	(133)
Tax loss carry forwards	1,035	(106)	-	-	(51)	878
Other	(52)	11	(2)	(4)	28	(19)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**1,306**	**80**	**45**	**7**	**(2)**	**1,436**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

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

The Group is confident in its ability to recover its net deferred tax assets at 31 March 2014 (€1,471 million) on the basis of an extrapolation of its latest three-year business plan and its strategy for the long-term recovery of tax losses in each country.

Deferred tax assets still unrecognised amount to €1,113 million at 31 March 2014 (€1,255 million at 31 March 2013). Most of these unrecognised deferred taxes are originated from tax losses carried forward (€975 million at 31 March 2014 and €1,052 million at 31 March 2013), out of which €631 million are not subject to expiry at 31 March 2014 (€491 million at 31 March 2013).

Note 10. Earnings per share

10.1 Earnings

	Year ended	
(in € million)	**31 March 2014**	**31 March 2013***
Net Profit attributable to equity holders of the parent	556	768
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**556**	**768**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

10.2 Number of shares

	Year ended	
	31 March 2014	**31 March 2013**
Weighted average number of ordinary shares used to calculate basic earnings per share (see Note 21.1)	**308,559,756**	**301,376,784**
Effect of dilutive instruments other than bonds reimbursable with shares:		
- Stock options and performance shares (1) (LTI plan)	2,948,209	2,724,963
- Performance shares (Alstom Sharing plans)	113,406	226,044
Weighted average number of ordinary shares used to calculate diluted earnings per share (see Note 21.1)	**311,621,371**	**304,327,791**

(1) Stock options taken into consideration in the calculation of the diluted earnings per share only relate to plans 7 and 8. Plans 9, 10, 12, 13, 14, 15 and 16 are being out of money as at 31 March, 2014 (see Note 22.1.).

10.3 Earnings per share

	Year ended	
(in €)	**31 March 2014**	**31 March 2013***
Basic earnings per share	1.80	2.55
Diluted earnings per share	1.78	2.52

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

Note 11. Goodwill and intangible assets

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

11.1 Goodwill

(in € million)	At 31 March 2013	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2014
Thermal Power	3,221	-	-	(317)	2,904
Renewable Power	489	55	(12)	-	532
Transport	691	-	-	(5)	686
Grid	1,135	31	-	(7)	1,159
GOODWILL	**5,536**	**86**	**(12)**	**(329)**	**5,281**
Of which:					
Gross value	5,536	86	(12)	(329)	5,281
Impairment	-	-	-	-	-

Movements over the period arose from:

- the acquisition of Tidal Generation Limited business, specialized in tidal stream turbines which capture and convert the energy of tidal streams to generate electrical power; and the disposal of Ring Motors business, in the Renewable Power Sector ;
- the acquisition of Reason Tecnologia SA, in Brazil, specialized in measurement and substation automation network products for transmission and distribution clients, in the Grid Sector.

Translation adjustments and other changes include primarily the transfer to assets held for sale relating to the contemplated disposal of auxiliary components business (see Note 28).

(in € million)	At 31 March 2012	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2013
Thermal Power	3,208	-	(3)	16	3,221
Renewable Power	489	-	-	-	489
Transport	661	29	-	1	691
Grid	1,125	9	-	1	1,135
GOODWILL	**5,483**	**38**	**(3)**	**18**	**5,536**
Of which:					
Gross value	5,483	38	(3)	18	5,536
Impairment	-	-	-	-	-

Goodwill impairment test

As of 31 March 2014, Alstom tested the value of goodwill allocated to its groups of Cash Generating Units (CGU) applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount of its groups of CGU exceeded their carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use of each group of CGU 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 Sectors.

The value in use is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the discount rate after tax, the long-term growth rate and the terminal value operating margin (corresponding to the ratio Income from Operations over Sales).

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

	Thermal Power	Renewable Power	Transport	Grid
Net carrying amount of goodwill at 31 March 2014 (in € million)	2,904	532	686	1,159
Value elected as representative of the recoverable value	value in use	value in use	value in use	value in use
Number of years over which cash flow estimates are available	3 years	3 years	3 years	3 years
Extrapolation period of cash flow estimates	2 years	2 years	2 years	2 years
Long-term growth rate at 31 March 2014	**2.0%**	**2.0%**	**1.5%**	**2.0%**
Long-term growth rate at 31 March 2013	2.0%	2.0%	1.5%	2.0%
After tax discount rate at 31 March 2014 (*)	**8.4%**	**8.6%**	**8.5%**	**8.5%**
After tax discount rate at 31 March 2013 (*)	9.0%	9.0%	9.0%	9.0%

(*) 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)	**Thermal Power**		**Renewable Power**		**Transport**		**Grid**	
	-25 bp	*+25 bp*	*-25 bp*	*+25 bp*	*-25 bp*	*+25 bp*	*-25 bp*	*+25 bp*
Operating margin (terminal value)	(189)	189	(56)	56	(153)	153	(79)	79
	-25 bp	*+25 bp*	*-25 bp*	*+25 bp*	*-25 bp*	*+25 bp*	*-25 bp*	*+25 bp*
After tax discount rate	345	(319)	70	(65)	144	(134)	101	(93)
	-10 bp	*+10 bp*	*-10 bp*	*+10 bp*	*-10 bp*	*+10 bp*	*-10 bp*	*+10 bp*
Long-term growth rate	(122)	125	(22)	23	(44)	45	(31)	32

As of 31 March 2014, the recoverable amounts of the four Sectors exceeded their carrying value and the sensitivity of the values in use to key assumptions support the Group's opinion that goodwill is not impaired.

11.2 Intangible assets

(in € million)	At 31 March 2013	Additions / disposals / amortisation	Changes in consolidation scope	Translation adjustments and other changes	At 31 March 2014
Development costs	1,900	270	-	41	2,211
Acquired technology	1,422	-	7	(39)	1,390
Other intangible assets	822	44	1	(9)	858
Gross value	**4,144**	**314**	**8**	**(7)**	**4,459**
Development costs	(724)	(117)	-	(1)	(842)
Acquired technology	(842)	(86)	-	-	(928)
Other intangible assets	(596)	(43)	-	4	(635)
Amortisation and impairment	**(2,162)**	**(246)**	**-**	**3**	**(2,405)**
Development costs	1,176	153	-	40	1,369
Acquired technology	580	(86)	7	(39)	462
Other intangible assets	226	1	1	(5)	223
NET VALUE	**1,982**	**68**	**8**	**(4)**	**2,054**

(in € million)	**At 31 March 2012**	**Additions / disposals / amortisation**	**Changes in consolidation scope**	**Translation adjustments and other changes**	**At 31 March 2013**
Development costs	1,686	233	-	(19)	1,900
Acquired technology	1,422	-	-	-	1,422
Other intangible assets	697	36	13	76	822
Gross value	**3,805**	**269**	**13**	**57**	**4,144**
Development costs	(657)	(82)	-	15	(724)
Acquired technology	(748)	(94)	-	-	(842)
Other intangible assets	(479)	(70)	1	(48)	(596)
Amortisation and impairment	**(1,884)**	**(246)**	**1**	**(33)**	**(2,162)**
Development costs	1,029	151	-	(4)	1,176
Acquired technology	674	(94)	-	-	580
Other intangible assets	218	(34)	14	28	226
NET VALUE	**1,921**	**23**	**14**	**24**	**1,982**

Amortisation expenses of capitalised development costs include impairments of technology in the Transport and the Renewable Power Sectors as of 31 March 2014.

Technology and licence agreements acquired through the combination with ABB ALSTOM POWER in 1999 and 2000 and through the combination with Grid activities in 2010 represent the bulk of the gross amount reported as acquired technology.

Note 12. Property, plant and equipment

(in € million)	**At 31 March 2013**	**Acquisitions/ amortisation / impairments**	**Disposals**	**Changes in consolidation scope**	**Translation adjustments and other changes***	**At 31 March 2014**
Land	196	5	(4)	-	(10)	187
Buildings	1,923	157	(47)	-	(64)	1,969
Machinery and equipment	2,951	210	(87)	(6)	(91)	2,977
Constructions in progress	392	110	(4)	-	(129)	369
Tools, furniture, fixtures and other	496	28	(27)	1	(14)	484
Gross value	**5,958**	**510**	**(169)**	**(5)**	**(308)**	**5,986**
Land	(10)	(1)	-	-	-	(11)
Buildings	(736)	(86)	37	-	42	(743)
Machinery and equipment	(1,852)	(173)	79	4	92	(1,850)
Constructions in progress	-	(1)	-	-	1	-
Tools, furniture, fixtures and other	(336)	(46)	24	(1)	9	(350)
Amortisation and impairment	**(2,934)**	**(307)**	**140**	**3**	**144**	**(2,954)**
Land	186	4	(4)	-	(10)	176
Buildings	1,187	71	(10)	-	(22)	1,226
Machinery and equipment	1,099	37	(8)	(2)	1	1,127
Constructions in progress	392	109	(4)	-	(128)	369
Tools, furniture, fixtures and other	160	(18)	(3)	-	(5)	134
NET VALUE	**3,024**	**203**	**(29)**	**(2)**	**(164)**	**3,032**

* €(164) million of which translation adjustments for an amount of €(149)million.

(in € million)	At 31 March 2012	Acquisitions/ amortisation / impairments	Disposals	Changes in consolidation scope	Translation adjustments and other changes	At 31 March 2013
Land	195	4	(7)	-	4	196
Buildings	1,760	61	(24)	63	63	1,923
Machinery and equipment	2,842	155	(155)	5	104	2,951
Constructions in progress	334	188	(4)	-	(126)	392
Tools, furniture, fixtures and other	584	42	(56)	(1)	(73)	496
Gross value	**5,715**	**450**	**(246)**	**67**	**(28)**	**5,958**
Land	(9)	-	(1)	-	-	(10)
Buildings	(673)	(77)	18	3	(7)	(736)
Machinery and equipment	(1,798)	(179)	126	4	(5)	(1,852)
Constructions in progress	-	-	-	-	-	-
Tools, furniture, fixtures and other	(383)	(44)	48	1	42	(336)
Amortisation and impairment	**(2,863)**	**(300)**	**191**	**8**	**30**	**(2,934)**
Land	186	4	(8)	-	4	186
Buildings	1,087	(16)	(6)	66	56	1,187
Machinery and equipment	1,044	(24)	(29)	9	99	1,099
Constructions in progress	334	188	(4)	-	(126)	392
Tools, furniture, fixtures and other	201	(2)	(8)	-	(31)	160
NET VALUE	**2,852**	**150**	**(55)**	**75**	**2**	**3,024**

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

(in € million)	At 31 March 2014	At 31 March 2013
Land	13	13
Buildings	50	63
Machinery and equipment	1	1
Tools, furniture, fixtures and other	18	13
NET VALUE OF TANGIBLE ASSETS HELD UNDER FINANCE LEASES	**82**	**90**

Commitments to purchase fixed assets amount to €95 million at 31 March 2014. They notably arise from the construction of a facility in India as well as the Saint Nazaire facility dedicated to the wind business.

Note 13. Associates and non-consolidated investments

13.1 Associates

Financial information on associates

(in € million)	At 31 March 2014	At 31 March 2013	At 31 March 2014 % ownership
The Breakers Investment B.V. (Transmashholding)	372	388	25%
BrightSource Energy	-	106	
Other (1)	88	103	
TOTAL ASSOCIATES	**460**	**597**	

(1) No other investment's net value individually exceeds €25 million.

The Breakers Investment B.V. is the most significant associate, which summarized financial statements are the following:

(in € million)	Closing date	Total assets at closing date	Total liabilities at closing date	Total revenues	Total net profit (loss)
The Breakers Investment B.V. (Transmashholding)*	31 December 2013	2,350	1,061	3,465	336

* The Breakers Investment B.V. consolidated financial statements have been prepared in accordance with IFRS and translated at the rates used by Alstom as at 31 March 2014.

Movements in the period

	Year ended	
(in € million)	**31 March 2014**	**31 March 2013**
Opening balance	**597**	**377**
Share in net income/(loss) of equity investments	52	47
Impairment (1)	(23)	-
Share in net income/(loss) of equity investments	**29**	**47**
Dividends	(36)	(29)
Acquisitions	15	80
Transfers related to changes in consolidation method (2)	(100)	118
Translation adjustments and other	(45)	4
CLOSING BALANCE	**460**	**597**

(1) Impairment relates to SEC Alstom Shanghaï Lingang (Grid Sector) for €(13) million and AWS Ocean Energy Limited (Renewable Power Sector) for €(9) million, disposed of over the period.
(2) Of which BrightSource Energy investment which is accounted for as a non-consolidated investment as at 31 March 2014, given the limited effective influence and financial information available.

13.2 Non-consolidated investments

Financial information on non-consolidated investments

	At 31 March 2014			At 31 March 2013	
(in € million)	Gross value	Impairment / Fair Value Change	Net	Net	At 31 March 2014 % ownership
Tidal Generation Ltd (1)	-	-	-	50	100.0%
BrightSource Energy (2)	106	(23)	83	-	26.1%
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd	20	-	20	-	50.0%
Other (3)	65	(8)	57	51	
TOTAL	**191**	**(31)**	**160**	**101**	

(1) Alstom has completed the acquisition of Tidal Generation Limited which is now fully consolidated.

(2) Percentage of ownership: 21.05% fully diluted.

(3) No other investment's net value individually exceeds €15 million.

Movements in the period

(in € million)	Year ended 31 March 2014	31 March 2013
Opening balance	**101**	**154**
Change in fair value (1)	(15)	(1)
Acquisitions	7	62
Transfers related to changes in consolidation method (2)	73	(114)
Translation adjustments and other	(6)	-
CLOSING BALANCE	**160**	**101**

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

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

Note 14. Other non-current assets

(in € million)	At 31 March 2014	At 31 March 2013*
Financial non-current assets associated to financial debt (1)	364	382
Long-term loans, deposits and other	169	139
OTHER NON-CURRENT ASSETS	**533**	**521**

* Figures have been adjusted as mentioned in Note 3 “Changes in accounting method” following the application of IAS 19 revised

(1) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Notes 25 and 31). They are made up as follows:

- at 31 March 2014, €349 million receivables and €15 million deposit;
- at 31 March 2013, €368 million receivables and €14 million deposit.

Note 15. Inventories

(in € million)	At 31 March 2014	At 31 March 2013
Raw materials and supplies	1,019	989
Work in progress	1,950	2,145
Finished products	320	354
Inventories, gross	**3,289**	**3,488**
Raw materials and supplies	(150)	(138)
Work in progress	(124)	(157)
Finished products	(38)	(49)
Write-down	**(312)**	**(344)**
INVENTORIES, NET	**2,977**	**3,144**

Changes in inventory write-down recognised as income for the year ended 31 March 2014 amount to €26 million (€9 million income for the year ended 31 March 2013).

Note 16. Construction contracts in progress

(in € million)	At 31 March 2014	At 31 March 2013	Variation
Construction contracts in progress, assets	3,967	4,158	(191)
Construction contracts in progress, liabilities	(8,458)	(9,909)	1,451
CONSTRUCTION CONTRACTS IN PROGRESS	**(4,491)**	**(5,751)**	**1,260**

(in € million)	At 31 March 2014	At 31 March 2013	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	61,394	58,511	2,883
Less progress billings	(62,540)	(61,084)	(1,456)
Construction contracts in progress excluding down payments received from customers	**(1,146)**	**(2,573)**	**1,427**
Down payments received from customers	(3,345)	(3,178)	(167)
CONSTRUCTION CONTRACTS IN PROGRESS	**(4,491)**	**(5,751)**	**1,260**

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 2014	**4,483**	**3,553**	**316**	**196**	**418**
. o/w gross	4,602	3,595	323	196	488
. o/w impairment	(119)	(42)	(7)	-	(70)
At 31 March 2013	**5,285**	**4,287**	**350**	**261**	**387**
. o/w gross	5,394	4,307	351	265	471
. o/w impairment	(109)	(20)	(1)	(4)	(84)

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 2014	At 31 March 2013
Down payments made to suppliers	525	735
Corporate income tax	216	184
Other taxes	866	842
Prepaid expenses	238	236
Other receivables	392	408
Derivatives relating to operating activities	419	333
Remeasurement of hedged firm commitments in foreign currency	547	590
OTHER CURRENT OPERATING ASSETS	**3,203**	**3,328**

Note 19. Marketable securities and other current financial assets

(in € million)	At 31 March 2014	At 31 March 2013
Derivatives related to financing activities	18	35
Marketable securities	-	1
MARKETABLE SECURITIES AND OTHER CURRENT FINANCIAL ASSETS	**18**	**36**

Note 20. Working capital

20.1 Balance sheet positions

(in € million)	At 31 March 2014	At 31 March 2013	Variation
Inventories	2,977	3,144	(167)
Construction contracts in progress, assets	3,967	4,158	(191)
Trade receivables	4,483	5,285	(802)
Other current operating assets	3,203	3,328	(125)
ASSETS	**14,630**	**15,915**	**(1,285)**
Non-current provisions	710	680	30
Current provisions	1,191	1,309	(118)
Construction contracts in progress, liabilities	8,458	9,909	(1,451)
Trade payables	3,866	4,041	(175)
Other current operating liabilities	3,671	3,688	(17)
LIABILITIES	**17,896**	**19,627**	**(1,731)**
WORKING CAPITAL	**(3,266)**	**(3,712)**	**446**

20.2 Analysis of variation in working capital

(in € million)	Year ended 31 March 2014
Working capital at the beginning of the period	**(3,712)**
Changes in working capital resulting from operating activities (1)	300
Changes in working capital resulting from investing activities (2)	56
Translation adjustments and other changes	90
Total changes in working capital	**446**
WORKING CAPITAL AT THE END OF THE PERIOD	**(3,266)**

(1) Item presented within “net cash provided by/(used in) operating activities” in the consolidated statement of cash flows.

(2) Item presented within “net cash provided by/(used in) investing activities” in the consolidated statement of cash flows.

Note 21. 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 net debt.

21.1. Movements in share capital

Movements in financial year ended 31 March 2014

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

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

Movements in financial year ended 31 March 2013

At 31 March 2013, the share capital of ALSTOM amounted to €2,157,106,882 consisting of 308,158,126 ordinary shares with a par value of €7 each. For the year ended 31 March 2013, the weighted average number of outstanding ordinary shares amounted to 301,376,784 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 304,327,791 after the effect of all dilutive instruments.

As of 4 October 2012, ALSTOM SA ("the Company") completed a €350 million share capital increase through a private placement to institutional investors. 13 133 208 new shares were issued at a subscription price of €26.65 per share.

During the year ended 31 March 2013, 128 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 8 shares at a par value of €7. The 81,266 bonds reimbursable with shares outstanding at 31 March 2013 represent 5,104 shares to be issued.

21.2. Distribution of dividends

In respect of the financial year ended 31 March 2014, it will be proposed to the Shareholders' Meeting called on 1 July 2014 not to distribute dividends.

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

- year ended 31 March 2013 (decision of Shareholders' Meeting held on 2 July 2013): total amount of €259 million, corresponding to a €0.84 dividend per share;
- year ended 31 March 2012 (decision of Shareholders' Meeting held on 26 June 2012): total amount of €236 million, corresponding to a €0.80 dividend per share;
- year ended 31 March 2011 (decision of Shareholders' Meeting held on 28 June 2011): total amount of €183 million, corresponding to a €0.62 dividend per share.

21.3. Currency translation adjustment

The currency translation adjustment, presented within the consolidated statement of comprehensive income, primarily reflects the variation of the Brazilian Real (€(85) million), Russian Federation Rouble (€(65) million) , Indian Rupee (€(50) million), US Dollar (€(47) million) and Chinese Yuan (€(36)million) against the euro for the year ended 31 March 2014.

Note 22. Share-based payments

22.1. 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
	17/09/2007	27/09/2008	28/09/2009	25/09/2010		23/09/2011		21/09/2012	
Exercise period	16/09/2014	26/09/2015	27/09/2016	24/09/2017	n/a	22/09/2018	n/a	20/09/2017	n/a
Number of beneficiaries	1,007	1,030	1,053	1,196	1,289	411	1,431	436	1,360
Adjusted number granted (1)	5,566,000	2,803,000	3,367,500	1,697,200	252,000	754,300	445,655	871,350	522,220
Adjusted number exercised since the origin	4,790,121	1,874,171	526,967	1,000	220,320	-	-	-	182,432
Adjusted number cancelled since the origin	417,200	266,800	396,250	236,800	31,680	754,300	445,655	556,270	339,788
Ajusted number outstanding at 31 March 2014	358,679	662,029	2,444,283	1,459,400	-	-	-	315,080	-
inc. to the present members of the Executive Committee	-	-	325,000	171,100	-	-	-	50,100	-
Adjusted exercise price (2) (in €)	8.60	17.88	37.33	67.50	n/a	66.47	n/a	49.98	n/a
Fair value at grant date (in €)	7.30	10.30	12.90	29.24	129.20	16.71	63.54	11.26	48.11

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge).

	Plans issued by shareholders meeting on 22 June 2010							
	Plan n°13 stock options	Plan n°13 performance shares	Plan n°14 stock options	Plan n°14 performance shares	Plan n°15 stock options	Plan n°15 performance shares	Plan n°16 stock options	Plan n°16 performance shares
Grant date	13/12/2010	13/12/2010	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
	13/12/2013		04/10/2014		10/12/2015		03/10/2016	
Exercise period	12/12/2018	n/a	03/10/2019	n/a	09/12/2020	n/a	30/09/2021	n/a
Number of beneficiaries	528	1,716	514	1,832	538	1,763	292	1,814
Adjusted number granted (1)	1,235,120	740,860	1,369,180	804,040	1,312,690	781,540	671,700	1,000,700
Adjusted number exercised since the origin	-	240,770	-	460	-	-	-	-
Adjusted number cancelled since the origin	367,808	223,658	418,428	228,308	181,993	103,948	10,000	23,800
Ajusted number outstanding at 31 March 2014	867,312	276,432	950,752	575,272	1,130,697	677,592	661,700	976,900
inc. to the present members of the Executive Committee	107,320	736	300,000	34,400	306,000	38,700	275,000	110,000
Adjusted exercise price (2) (in €)	33.14	n/a	26.39	n/a	27.70	n/a	26.94	n/a
Fair value at grant date (in €)	7.59	31.35	3.14	19.77	5.80	26.70	3.84	22.62

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

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

At 31 March 2014, stock options granted by plans 7, 8, 9, 10, 11, 12 and 13 are fully vested. For plans 7, 8, 9 and 10, options will expire seven years after the end of the vesting period of each plan. For plans 12, 13, 14, 15 and 16, options will expire five years after the end of the vesting period.

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

<u>LTI plan 13 granted on 13 December 2010:</u>
The total number of options exercisable and performance shares to be delivered depends on the Group's operating margin for the fiscal years ended 31 March 2011, 31 March 2012 and 31 March 2013:

	% of options exercisable & performance shares to be delivered		
	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013
Operating margin achieved above ou equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

Based on consolidated financial statements for the fiscal years ended 31 March 2011, 31 March 2012 and 31 March 2013, the performance condition is achieved for 80% of an allotment of LTIP13 options and performance shares. 20% of options and performance shares are cancelled.

<u>LTI plan 14 granted on 4 October 2011:</u>

The total number of options exercisable and performance shares to be delivered will depend on the Group's operating margin for the fiscal years ended 31 March 2012, 31 March 2013 and 31 March 2014:

	% of options exercisable & performance shares to be delivered		
	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014
Operating margin achieved above ou equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

Based on consolidated financial statements for the fiscal years ended 31 March 2012, 31 March 2013 and 31 March 2014, the performance condition is achieved for 70% of an allotment of LTIP14 options and performance shares. 20% of options and performance shares are cancelled, 10% of options and performance shares would be cancelled after the Board of directors on 6 May 2014.

<u>LTI plan 15 granted on 10 December 2012:</u>

The total number of options exercisable and performance shares to be delivered will depend on the Group's operating margin and the free cash flow for the fiscal years ended 31 March 2013, 31 March 2014 and 31 March 2015:

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

FCF means Free Cash Flow and OM means Operating Margin

Based on consolidated financial statements for the fiscal years ended 31 March 2013 and 31 March 2014, the performance condition is achieved for 30% of an allotment of LTIP15 options and performance shares. 10% of options and performance shares are cancelled. 40 % of options and performance shares would be cancelled after the Board of directors on 6 May 2014.

LTI plan 16 granted on 1 October 2013:

The total number of options exercisable and performance shares to be delivered will depend on the Group's operating margin and the free cash flow for the fiscal years ended 31 March 2015 and 31 March 2016:

Year ended 31 March 2015	% of Conditional Options exercisable & performance shares to be delivered	Year ended 31 March 2016	% of Conditional Options exercisable & performance shares to be delivered
FCF ≥ 0 and OM ≥ 7.4 %	40%	FCF ≥ 0 and OM ≥ 7.8 %	60%
FCF ≥ 0 and 7.2% ≤ OM < 7.4 %	20%	FCF ≥ 0 and 7.6 % ≤ OM < 7.8 %	40%
FCF < 0 or OM < 7.2 %	-	FCF ≥ 0 and 7.4 % ≤ OM < 7.6 %	20%
		FCF < 0 or OM < 7.4 %	-

FCF means Free Cash Flow and OM means Operating Margin

Movements

	Number of options	Weighted average exercise price per share in €	Number of performance shares
Outstanding at 31 March 2012	**8,727,837**	**37.42**	**1,920,930**
Granted	1,312,690	27.70	781,540
Exercised	(411,504)	12.95	(79,648)
Cancelled	(885,445)	42.32	(497,975)
Outstanding at 31 March 2013	**8,743,578**	**36.58**	**2,124,847**
Granted	671,700	26.94	1,000,700
Exercised	(122,912)	11.61	(340,344)
Cancelled	(442,434)	29.58	(279,007)
Outstanding at 31 March 2014	**8,849,932**	**36.49**	**2,506,196**
of which exercisable	6,106,783		N/A

Valuation

	Plan n°11 stock options	Plan n°11 performance shares	Plan n°12 stock options	Plan n°12 performance shares	Plan n°13 stock options	Plan n°13 performance shares	Plan n°14 stock options	Plan n°14 performance shares	Plan n°15 stock options	Plan n°15 performance shares	Plan n°16 stock options	Plan n°16 performance shares
Grant date	23/09/2008	23/09/2008	21/09/2009	21/09/2009	13/12/2010	13/12/2010	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Expected life (in years)	3.5	2.5 or 4.0	3.5	2.5 or 4.0	3.5	2.5 or 4.0	4.0	2.5 or 4.0	4.0	2.5 or 4.0	3.0	4.0
End of vesting period	22/09/2011	31/05/2011 or 22/09/2012	20/09/2012	31/05/2012 or 20/09/2013	12/12/2013	31/05/2013 or 12/12/2014	03/10/2014	31/05/2014 or 03/10/2015	09/12/2015	31/05/2015 or 09/12/2016	30/09/2016	30/09/2017
Adjusted exercise price (*) (in €)	66.47	n/a	49.98	n/a	33.14	n/a	26.39	n/a	27.70	n/a	26.94	n/a
Share price at grant date (in €)	65.10	65.10	50.35	50.35	35.40	35.40	23.82	23.82	29.77	29.77	26.33	26.33
Volatility	30%	n/a	30%	n/a	31%	n/a	31%	n/a	30%	n/a	28%	n/a
Risk free interest rate	4.1%	4.2% or 4.4%	2.0%	1.6% or 2.3%	1.8%	1.4% or 2.0%	1.5%	1.1% or 1.5%	0.5%	0.2% or 0.5%	0.9%	0.9%
Dividend yield	1.3%	1.3%	1.3%	1.3%	3.1%	3.1%	5.0%	5.0%	3.4%	3.4%	3.8%	3.8%

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

The option valuation method follows a binomial mathematical model for plan 11 and a Black & Scholes model for plans 12, 13, 14, 15 and 16 with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is an average of CAC40 comparable companies' volatility at the grant date.

The Group booked a total expense of €11 million for the year ended 31 March 2014 and €15 million for the year ended 31 March 2013.

22.2 Stock appreciation rights ("SARs")

Key characteristics

	SARs n°7	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Vesting date	17/09/2007	27/09/2008	27/09/2008	28/09/2009	25/09/2010
Expiry date	16/09/2014	18/11/2015	26/09/2015	28/09/2016	24/09/2017
Number of beneficiaries	114	120	120	134	134
Adjusted number granted (2)	478,000	234,000	232,000	341,250	59,700
Adjusted number exercised since the origin	408,948	138,150	195,000	172,500	5,600
Adjusted number cancelled since the origin	69,052	43,100	37,000	53,125	4,200
Ajusted number outstanding at 31 March 2014	-	52,750	-	115,625	49,900
Adjusted exercise price (3) (in €)	8.60	22.45	17.88	36.05	73.42

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

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

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

Movements

	Number of SARs	Weighted average exercise price per share in €
Outstanding at 31 March 2012	**228,635**	**40.52**
Granted	-	
Exercised	(5,860)	16.82
Cancelled	-	
Outstanding at 31 March 2013	**222,775**	**41.04**
Granted		
Exercised	(4,500)	28.11
Cancelled		
Outstanding at 31 March 2014	**218,275**	**41.31**
of which exercisable	218,275	

Valuation

	SARs n°7	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Expected life (in years)	4	4	4	4	4
End of vesting period	17/09/2007	27/09/2008	27/09/2008	28/09/2009	24/09/2010
Adjusted exercise price (2) (in €)	8.60	22.45	17.88	36.05	73.42
Share price at 31 March 2014 (in €)	19.82	19.82	19.82	19.82	19.82
Share price at 31 March 2013 (in €)	31.75	31.75	31.75	31.75	31.75
Volatility	16.84%	16.84%	16.84%	16.84%	16.84%
Risk free interest rate	0.55%	0.55%	0.55%	0.55%	0.55%
Dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%

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

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

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

The Group booked a €1 million income for the year ended 31 March 2014, and a nil income for the year ended 31 March 2013.

Note 23. Provisions

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

(in € million)	At 31 March 2012	Additions	Releases	Applications	Change in consolidation scope	Translation adjustments and other	At 31 March 2013
Warranties	759	416	(206)	(207)	(1)	6	767
Litigations, claims and others	655	337	(287)	(159)	(2)	(2)	542
Current provisions	**1,414**	**753**	**(493)**	**(366)**	**(3)**	**4**	**1,309**
Tax risks & litigations	155	68	(42)	(4)	5	(2)	180
Restructuring	231	64	(24)	(86)	-	(3)	182
Other non-current provisions	418	161	(234)	(30)	-	3	318
Non-current provisions	**804**	**293**	**(300)**	**(120)**	**5**	**(2)**	**680**
TOTAL PROVISIONS	**2,218**	**1,046**	**(793)**	**(486)**	**2**	**2**	**1,989**

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 derive from the adaptation of the Group's footprint in order to take into account the lower demand in developed countries, mainly in Europe, and the situation of global overcapacity faced in some Sectors.

Other non-current provisions mainly relate to guarantees delivered in connection with disposals, employee litigations, commercial disputes and environmental obligations.

Note 24. 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 €5,975 million as of 31 March 2014 (see Note 24.2) is analysed as follows:

- several pension plans for €5,552 million;
- other post-employment benefits for €349 million which include end-of-service benefits in France and retiree healthcare plans mainly in the United States; and
- other long-term defined benefits for €74 million which mainly correspond to jubilees in France and Germany.

24.1 Description of the plans

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

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

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. The largest plan, which accounts for 90% of the defined benefit obligations in the country, provides an indexed pension annuity based on the employee's final pensionable earnings, as well as benefits payable upon death and serious ill-health. This plan was closed to new members in 2006.

In accordance with British regulation, the company and the Trustee Board of the scheme perform an actuarial valuation every three years, and agree on a recovery plan to correct any deficit arising. The current agreement was signed in April 2012, and the company paid £ 35 million of recovery contributions over the year ended 31 March 2014. The company shall pay £ 36 million over the year ending 31 March 2015, and the next valuation will be performed in April 2015.

The two other plans also provide a pension in the form of an indexed annuity and were closed to new members as of 1 July 2013.

New hires are ordinarily offered the opportunity to participate in a defined contribution group pension plan ("GPP"), a group life insurance plan and an income replacement scheme. These arrangements are also used to meet the auto-enrolment requirements which apply to Alstom in the United Kingdom since 1 May 2013.

In Switzerland, the pension plans allow members to accumulate retirement funds with interests in a dedicated account during their employment life. The account value is converted into a pension, in the form of an annuity or a lump sum payment. The plans also include benefits payable upon death and disability. The largest pension plan, which accounts for 85% of the defined benefit obligations in the country, was amended during fiscal year 2013/2014. The main changes are the following:

- Conversion rates, which were already scheduled to steadily decrease until 2018, will continue to decrease for 2019. The conversion rate for 2019 has been set at 5.85%.
- The savings contributions will be raised by 1%, shared equally between the employee and the employer, as of 1 July 2014. At the same time, the employer risk contribution will decrease by 0.5%.

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 2003 for the employees of the Grid Sector, in 2009 for the employees of the Thermal and Renewable Sectors and in 2010 for the employees of the Transport Sector to remove most defined benefit pension risks. The plans now continue to be accounted for as defined benefit plans under IAS19R but with much lower risks for the company. With respect to employee contributions, there are remitted into defined contributions plans.

In the United States of America, Alstom sponsors five qualified defined benefit pension plans and two post-retirement medical plans. Two of the qualified pension plans, namely a cash balance plan and a final average earnings plan, which represent 63% of the defined benefit obligations in the country, were closed to all service accruals in 2010. Employees now participate in a defined contribution 401(k) plan. The employer subsidies toward post-retirement medical plans were removed to new hires in 2002 and 2003 with the exception of a small number of unionized employees.
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.

24.2 Defined benefit obligations

(in € million)	At 31 March 2014	United Kingdom	Switzerland	Euro Zone	Other (1)
Defined benefit obligations at beginning of year	**(6,039)**	**(2,481)**	**(1,497)**	**(1,128)**	**(933)**
Service cost	(99)	(13)	(44)	(25)	(17)
Plan participant contributions	(39)	(3)	(35)	-	(1)
Interest cost	(222)	(113)	(36)	(37)	(36)
Plan amendments	6	-	11	(4)	(1)
Curtailments	2	-	-	1	1
Settlements	-	-	-	-	-
Actuarial gains (losses) - due to experience	(4)	(2)	31	(21)	(12)
Actuarial gains (losses) - due to changes in assumptions	82	37	(2)	3	44
Benefits paid	308	121	55	71	61
Foreign currency translation and others	30	(51)	(1)	-	82
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(5,975)**	**(2,505)**	**(1,518)**	**(1,140)**	**(812)**
Of which:					
Funded schemes	(5,172)	(2,505)	(1,505)	(545)	(617)
Unfunded schemes	(803)	-	(13)	(595)	(195)

(1) Including mainly United States of America

(in € million)	At 31 March 2013*	United Kingdom	Switzerland	Euro Zone	Other (1)
Defined benefit obligations at beginning of year	**(5,526)**	**(2,358)**	**(1,344)**	**(962)**	**(862)**
Service cost	(81)	(12)	(38)	(17)	(14)
Plan participant contributions	(38)	(3)	(34)	-	(1)
Interest cost	(238)	(118)	(35)	(44)	(41)
Plan amendments	3	-	1	-	2
Curtailments	8	-	-	-	8
Settlements	14	-	-	1	13
Actuarial gains (losses) - due to experience	(1)	42	(27)	(8)	(8)
Actuarial gains (losses) - due to changes in assumptions	(522)	(186)	(102)	(164)	(70)
Benefits paid	313	115	64	66	68
Foreign currency translation and others	29	39	18	-	(28)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(6,039)**	**(2,481)**	**(1,497)**	**(1,128)**	**(933)**
Of which:					
Funded schemes	(5,246)	(2,481)	(1,485)	(552)	(728)
Unfunded schemes	(793)	-	(12)	(576)	(205)

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised
(1) Including mainly United States of America.

24.3 Plan assets

As indicated in Note 24.1, 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 and Germany.

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

(1) Including mainly United States of America.

(in € million)	At 31 March 2013*	United Kingdom	Switzerland	Euro Zone	Other (1)
Fair value of plan assets at beginning of year	**4,097**	**1,921**	**1,324**	**314**	**538**
Interest income	170	96	33	14	27
Actuarial gains (losses) on assets due to experience	256	127	89	23	17
Company contributions	127	37	54	5	31
Plan participant contributions	38	3	34	-	1
Settlements	(13)	-	-	-	(13)
Benefits paid from plan assets	(260)	(115)	(62)	(27)	(56)
Foreign currency translation and others	(33)	(31)	(18)	-	16
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**4,382**	**2,038**	**1,454**	**329**	**561**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised
(1) Including mainly United States of America.

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

(in € million)	At 31 March 2014	At 31 March 2013*
Defined benefit obligations	(5,975)	(6,039)
Fair value of plan assets	4,522	4,382
Funded status of the plans	**(1,453)**	**(1,657)**
Impact of asset ceiling	(51)	(1)
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	**(1,504)**	**(1,658)**
Of which:		
Accrued pension and other employee benefit costs	(1,526)	(1,674)
Prepaid pension and other employee benefit costs	22	16

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

The net asset of €22 million mainly related to a pension scheme in the United Kingdom is supported by appropriate refund expectations, as requested by IFRIC 14.

24.5 Components of plan assets

(in € million)	At 31 March 2014	%	United Kingdom	Switzerland	Euro Zone	Other (1)
Equities	1,643	**36%**	38%	33%	34%	39%
Bonds	2,399	**53%**	52%	51%	64%	58%
Properties	386	**9%**	8%	14%	-	2%
Other	94	**2%**	2%	2%	2%	1%
TOTAL	**4,522**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Including mainly United States of America

(in € million)	At 31 March 2013	%	United Kingdom	Switzerland	Euro Zone	Other (1)
Equities	1,501	34%	36%	35%	32%	38%
Bonds	2,384	55%	55%	49%	67%	57%
Properties	405	9%	8%	15%	-	1%
Other	92	2%	1%	1%	1%	4%
TOTAL	**4,382**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Including mainly United States of America

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

Assets of each funded plan are managed by a dedicated investment committee in accordance with the scheme rules and local regulation.
The Group has representatives on these committees and promotes simple and diversified investment strategies. The aim is to limit investment risks to those necessary to fulfil the benefit commitment (asset and liability management). As a result, strategic allocation favours liquid assets and especially long bonds.

At 31 March 2014, plan assets do not include securities issued by the Group.

24.6 Assumptions (weighted average rates)

Actuarial valuations of the Group's benefit obligation have been made as of 31 March 2014 and 31 March 2013. 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 2014	United Kingdom	Switzerland	Euro Zone	Other (1)
Discount rate	3.73	4.60	2.25	3.24	4.59
Rate of compensation increase	2.91	3.80	1.49	2.70	3.45

(1) Including mainly United States of America.

(in %)	At 31 March 2013*	United Kingdom	Switzerland	Euro Zone	Other (1)
Discount rate	3.61	4.50	2.25	3.23	4.06
Rate of compensation increase	2.88	3.80	1.44	2.63	3.06

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised
(1) Including mainly United States of America.

As of 31 March 2014, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2014	United Kingdom	Switzerland	Euro Zone	Other (1)
Weighted average duration	14	16	15	12	10

(1) Including mainly United States of America.

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 7.11% in the year ended 31 March 2014 and reduces thereafter to an ultimate rate of 5.02% from 2021 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 2014
Impact of a 25bp increase or decrease in the discount rate	(195,8)/+206,5
Impact of a 25bp increase or decrease in the rate of compensation increase	+19,9/(20,0)

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

	Year ended 31 March				
(in € million)	2014	United Kingdom	Switzerland	Euro Zone	Other (1)
Service cost	(99)	(13)	(44)	(25)	(17)
Defined contribution plans (2)	(205)	(14)	-	(109)	(82)
Income from operations	**(304)**	**(27)**	**(44)**	**(134)**	**(99)**
Actuarial gains/(losses) on other long-term benefits	(6)	-	-	(6)	-
Past service gain (cost)	6	-	11	(4)	(1)
Curtailments/settlements	2	-	-	1	1
Other income (expense)	**2**	**-**	**11**	**(9)**	**-**
Financial income (expense)	**(69)**	**(23)**	**(3)**	**(26)**	**(17)**
TOTAL BENEFIT EXPENSE	**(371)**	**(50)**	**(36)**	**(169)**	**(116)**

(1) Including mainly United States of America.

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

(in € million)	Year ended 31 March 2013*	United Kingdom	Switzerland	Euro Zone	Other (1)
Service cost	(81)	(12)	(38)	(17)	(14)
Defined contribution plans (2)	(191)	(13)	-	(99)	(79)
Income from operations	**(272)**	**(25)**	**(38)**	**(116)**	**(93)**
Actuarial gains/(losses) on other long-term benefits	(8)	-	(1)	(4)	(3)
Past service gain (cost)	2	-	1	(1)	2
Curtailments/settlements	8	-	-	-	8
Other income (expense)	**2**	**-**	**-**	**(5)**	**7**
Financial income (expense)	**(68)**	**(22)**	**(2)**	**(30)**	**(14)**
TOTAL BENEFIT EXPENSE	**(338)**	**(47)**	**(40)**	**(151)**	**(100)**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

(1) Including mainly United States of America.

(2) Including an expense of €19 million related to multi-employer contributions accounted for as defined contribution plans for the year ended 31 March 2013.

24.8 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 2014 amounted to €191 million and covers both regular contributions for accruing service and recovery contributions in case of funding shortfall. Total cash spent for defined contribution plans in the year ended 31 March 2014 amounted to €205 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.

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

- €229 million in the year ending 31 March 2015;
- €213 million in the year ending 31 March 2016;
- €222 million in the year ending 31 March 2017.

Note 25. Financial debt

Carrying amount (in € million)	**At 31 March 2014**	**At 31 March 2013**
Bonds	4,614	4,141
Other borrowing facilities	554	232
Put options and earn-out on acquired entities	40	46
Derivatives relating to financing activities	13	18
Accrued interests	55	43
Borrowings	**5,276**	**4,480**
Non-current	*4,009*	*4,197*
Current	*1,267*	*283*
Obligations under finance leases	96	108
Other obligations under long-term rental	349	367
Obligations under finance leases	**445**	**475**
Non-current	*398*	*433*
Current	*47*	*42*
TOTAL FINANCIAL DEBT	**5,721**	**4,955**

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

	Nominal value (in € million)	**Maturity date**	**Nominal interest rate**	**Effective interest rate**
Alstom September 2014	722	23/09/2014	4.00%	3.89%
Alstom March 2015	60	09/03/2015	4.25%	4.47%
Alstom October 2015	500	05/10/2015	2.88%	2.98%
Alstom March 2016	500	02/03/2016	3.87%	4.05%
Alstom February 2017	750	01/02/2017	4.13%	4.25%
Alstom October 2017	350	11/10/2017	2.25%	2.44%
Alstom October 2018	500	05/10/2018	3.63%	3.71%
Alstom July 2019	500	08/07/2019	3.00%	3.18%
Alstom March 2020	750	18/03/2020	4.50%	4.58%

As at 8 July 2013, under its Euro Medium Term Note Programme listed in Luxembourg, the Company issued a new bond for an amount of €500 million. It bears an annual coupon of 3% and matures in July 2019.

The other obligations under long-term rental represent liabilities related to lease obligations on trains and associated equipment (see Notes 14 and 31).

Note 26. Financial instruments and financial risk management

26.1 Financial instruments reported in the financial statements

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

The Group is exposed to currency risk, interest rate risk, credit risk and liquidity risk.

The main valuation methods applied are as follows:

- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method,
- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities,
- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity.

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

Year ended 31 March 2014

<u>Balance sheet positions at 31 March 2014</u>

			Carrying amount of financial instruments by categories (*)					Fair value of items classified as financial instruments			
At 31 March 2014 (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
Associates and non consolidated investments	620	460	0	160	0	0	160	0	160	0	160
Other non-current assets	533	22	0	0	511	0	511	0	147	364	511
Trade receivables	4,483	0	0	0	4,483	0	4,483	0	4,483	0	4,483
Other current operating assets	3,203	1,846	547	0	392	419	1,357	0	1,357	0	1,357
Marketable securities and other current financial assets	18	0	0	0	0	18	18	0	18	0	18
Cash and cash equivalents	2,320	0	2,320	0	0	0	2,320	0	2,320	0	2,320
ASSETS	**11,177**	**2,328**	**2,867**	**160**	**5,386**	**436**	**8,849**	**0**	**8,485**	**364**	**8,849**
Non-current borrowings	4,009	0	0	0	4,009	0	4,009	0	4,200	0	4,200
Non-current obligations under finance leases	398	0	0	0	398	0	398	0	398	0	398
Current borrowings	1,267	0	0	0	1,254	13	1,267	0	1,277	0	1,277
Current obligations under finance leases	47	0	0	0	47	0	47	0	47	0	47
Trade payables	3,866	0	0	0	3,866	0	3,866	0	3,866	0	3,866
Other current operating liabilities	3,671	1,836	370	0	1,147	319	1,836	0	1,836	0	1,836
LIABILITIES	**13,258**	**1,836**	**370**	**0**	**10,721**	**331**	**11,422**	**0**	**11,624**	**0**	**11,624**

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

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

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	-	-	(199)	(199)
Interest income	-	-	*18*	*18*
Interest expense	-	-	*(217)*	*(217)*
Dividends	-	1	-	1
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(41)	(41)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2014	**-**	**1**	**(240)**	**(239)**

The amount reported as “foreign currency and other” is mainly representative of forward points attached to transactions related to financing activities (See Note 2.3.10) and bank fees (see Note 8).

Income from operations arising from financial instruments for the year ended 31 March 2014

Net foreign currency gains and losses recorded within income from operations are negative by €3 million for the year ended 31 March 2014.
They are made up of two components:
- forward points attached to hedging transactions qualified for hedge accounting
- variation of fair value of hedging instruments and not qualifying for hedge accounting.

Year ended 31 March 2013

Balance sheet positions at 31 March 2013

At 31 March 2013 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories (*) FV P/L	AFS	LRL at amortised cost	DER	Total	Fair value of items classified as financial instruments Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Associates and non consolidated investments	698	597	-	101	-	-	101	-	100	-	100
Other non-current assets	515	10	-	-	505	-	505	-	123	382	505
Trade receivables	5,285	-	-	-	5,285	-	5,285	-	5,285	-	5,285
Other current operating assets	3,328	1,990	590	-	415	333	1,338	-	1,338	-	1,338
Marketable securities and other current financial assets	36	-	1	-	-	35	36	-	36	-	36
Cash and cash equivalents	2,195	-	2,195	-	-	-	2,195	-	2,195	-	2,195
ASSETS	**12,057**	**2,597**	**2,786**	**101**	**6,205**	**368**	**9,460**	**-**	**9,077**	**382**	**9,459**
Non-current borrowings	4,197	-	-	-	4,197	-	4,197	-	4,489	-	4,489
Non-current obligations under finance leases	433	-	-	-	433	-	433	-	433	-	433
Current borrowings	283	-	-	-	265	18	283	-	283	-	283
Current obligations under finance leases	42	-	-	-	42	-	42	-	42	-	42
Trade payables	4,041	-	-	-	4,041	-	4,041	-	4,041	-	4,041
Other current operating liabilities	3,688	1,778	215	-	1,332	363	1,910	-	1,910	-	1,910
LIABILITIES	**12,684**	**1,778**	**215**	**-**	**10,310**	**381**	**10,906**	**-**	**11,198**	**-**	**11,198**

* 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 2013

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	-	-	(165)	(165)
Interest income	-	-	29	*29*
Interest expense	-	-	(194)	*(194)*
Dividends	-	4	-	4
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(34)	(34)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2013	**-**	**4**	**(199)**	**(195)**

The amount reported as "foreign currency and other" is mainly representative of forward points attached to transactions related to financing activities (See Note 2.3.10) and bank fees (see Note 8).

Income from operations arising from financial instruments for the year ended 31 March 2013

Net foreign currency gains and losses recorded within income from operations are positive by €86 million for the year ended 31 March 2013.

They are made up of two components:
- forward points attached to hedging transactions qualified for hedge accounting,
- variation of fair value of hedging instruments and not qualifying for hedge accounting.

26.2 Currency risk management

Financial debt

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

(in € million)	At 31 March 2014	At 31 March 2013
Euro	4,924	4,325
Chinese Yuan	86	72
Brazilian Real	231	67
British Pound	381	413
US Dollar	10	14
Other currencies	106	79
FINANCIAL DEBT IN NOMINAL VALUE	**5,738**	**4,970**

The debt in GBP essentially originates from a long-term lease scheme of trains, involving London Underground. The related €349 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, 25 and 31).

Operations

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. Main currencies triggering a significant exposure for the year ended 31 March 2014 are the US dollar and the Swiss Franc.

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

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

The Group uses almost exclusively currency forward contracts and swap currency contracts to adjust the maturity of the forward contracts to ensure that they are at all times as close as possible to the terms of the contractual flows. The portfolio of forward contracts has a weighted maturity of one and a half-year, however the Group does have some forward contracts beyond five years to reflect the long term nature of some of the contracts. The Group hedges over forty different currencies with a multitude of crosses depending on which entity of the Group is exposed to the currency. As of 31 March 2014 the Group has an outstanding portfolio of currency forward contracts hedging €12.1 billion of cash out (supplier payments) and €13.5 billion of cash in (client receipts).

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

	At 31 March 2014		At 31 March 2013	
(in € million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives qualifying for fair value hedge	423	321	346	367
Derivatives qualifying for cash flow hedge	12	7	20	11
Derivatives qualifying for net investment hedge	-	2	-	-
Derivatives not qualifying for hedge accounting	1	1	2	3
TOTAL	**436**	**331**	**368**	**381**

IFRS 13 application “Fair Value Measurement”, which requires counterparty risk to be taken into account in measuring derivative instruments do not have a material impact on the Group’s financial statements.
The fair value of those instruments is the estimated amount that the Group would receive or pay to settle the related contracts, valued on the basis of relevant yield curves and foreign exchange rates at closing date.

The volatility of foreign exchange rates during the periods ended 31 March 2014 and 31 March 2013 explains the amount of fair value of derivative instruments (either positive or negative). For instruments that qualify for fair value hedge accounting, any change in fair value is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

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

	USD rate			CHF rate		
	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity
	10%	(1)	-	5%	-	9
Year ended 31 March 2014	-10%	1	-	-5%	-	(9)
	10%	-	-	5%	-	(2)
Year ended 31 March 2013	-10%	-	-	-5%	-	2

The effective portion of instruments qualifying for cash flow hedge accounting reclassified from equity to profit or loss during the year ended 31 March 2014 is positive by €49 million.

26.3. Interest rate risk management

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

Carrying amount (in € million)	At 31 March 2014	At 31 March 2013
Financial assets at floating rate	2,398	2,264
Financial assets at fixed rate	402	409
Financial assets bearing interests	**2,800**	**2,673**
Financial debt at floating rate	253	47
Financial debt at fixed rate, put options and earn-out on acquired entities	5,468	4,908
Financial debt	**5,721**	**4,955**
Total position at floating rate before swaps	2,651	2,311
Total position at fixed rate before swaps	5,870	5,317
Total position before hedging	**8,521**	**7,628**
Total position at floating rate after swaps	2,651	2,311
Total position at fixed rate after swaps	5,870	5,317
TOTAL POSITION AFTER HEDGING	**8,521**	**7,628**

Sensitivity is analysed based on the group's net cash position after hedging at 31 March 2014, assuming that it remains constant over one year.

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

26.4. Credit risk management

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

Risk related to customers

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

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

Risk related to other financial assets

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

Risk related to cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy. At 31 March 2014 and at 31 March 2013, as part of the central treasury management, cash and cash equivalents are invested entirely in deposits with bank counterparts of first rank noted "Investment Grade".

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

The Group's policy is to centralise liquidity of subsidiaries at the parent company's level when possible. Restricted cash and cash equivalents available at subsidiary level were €296 million and €490 million at 31 March 2014 and 31 March 2013, respectively.

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

At 31 March 2014 (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: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivatives assets	437	-	437	(289)	-	148
Derivatives liabilities	(332)	-	(332)	289	-	(43)

At 31 March 2013 (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: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivatives assets	368	-	368	(290)	-	78
Derivatives liabilities	(381)	-	(381)	290	-	(91)

26.5. Liquidity risk management

Financial covenants

In order to increase its liquidity, the Group completed a €1,350 million revolving credit facility, currently fully undrawn and maturing in December 2016. This facility is subject to the following financial covenants, based on consolidated data:

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

(a) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense (excluding interest related to obligations under finance lease). It amounts to 8.0 at year end 31 March 2014 (11.2 at year end 31 March 2013).
(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant would apply if the Group is rated “non-investment grade” by both rating agencies, which is not the case at 31 March 2014.
(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA. The net debt leverage is 1.9 as at 31 March 2014 (1.3 at 31 March 2013).

Cash Flow

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

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2014 and 31 March 2013.

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 2014

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

		2015		2016		2017-2019		2020 and thereafter	
Cash flow for the years ended 31 March									
(in € million)	**Carrying amount**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
Other non-current assets	364	25	29	22	32	29	288	-	15
Marketable securities and other current financial assets	18	-	18	-	-	-	-	-	-
Cash and cash equivalents	2,320	16	2,320	-	-	-	-	-	-
Assets	**2,702**	**41**	**2,367**	**22**	**32**	**29**	**288**	**-**	**15**
Non-current borrowings	(4,009)	-	-	(151)	(1,004)	(251)	(1,743)	(43)	(1,262)
Non-current obligations under finance leases	(398)	-	-	(25)	(57)	(32)	(325)	(1)	(16)
Current borrowings	(1,267)	(209)	(1,267)	-	-	-	-	-	-
Current obligations under finance leases	(47)	(28)	(47)	-	-	-	-	-	-
Liabilities	**(5,721)**	**(237)**	**(1,314)**	**(176)**	**(1,061)**	**(283)**	**(2,068)**	**(44)**	**(1,278)**
NET CASH/(DEBT)	**(3,019)**	**(196)**	**1,053**	**(154)**	**(1,029)**	**(254)**	**(1,780)**	**(44)**	**(1,263)**

Cash flow arising from operating derivatives at 31 March 2014

.		2015		2016		2017-2019		2020 and thereafter	
Cash flow for the years ended 31 March *(in € million)*	**Carrying amount**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
Other current operating assets	419	-	183	-	93	-	126	-	17
Assets	**419**	**-**	**183**	**-**	**93**	**-**	**126**	**-**	**17**
Other current operating liabilities	(319)	-	(170)	-	(78)	-	(65)	-	(6)
Liabilities	**(319)**	**-**	**(170)**	**-**	**(78)**	**-**	**(65)**	**-**	**(6)**
DERIVATIVES	**100**	**-**	**13**	**-**	**15**	**-**	**61**	**-**	**11**

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

		2015		2016		2017-2019		2020 and thereafter	
Cash flow for the years ended 31 March *(in € million)*	**Carrying amount**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
Other investments	160	-	-	-	-	-	-	-	160
Other non-current assets	147	-	95	-	3	-	16	-	33
Trade receivables	4,483	-	4,483	-	-	-	-	-	-
Other current operating assets	938	-	938	-	-	-	-	-	-
Assets	**5,728**	**-**	**5,516**	**-**	**3**	**-**	**16**	**-**	**193**
Trade payables	(3,866)	-	(3,866)	-	-	-	-	-	-
Other current operating liabilities	(1,517)	-	(1,517)	-	-	-	-	-	-
Liabilities	**(5,383)**	**-**	**(5,383)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**345**	**-**	**133**	**-**	**3**	**-**	**16**	**-**	**193**

Financial instruments held at 31 March 2013

Cash flow arising from instruments included in net cash/(debt) at 31 March 2013

Cash flow for the years ended 31 March (in € million)	Carrying amount	2014 Interests	2014 Repayment	2015 Interests	2015 Repayment	2016-2018 Interests	2016-2018 Repayment	2019 and thereafter Interests	2019 and thereafter Repayment
Other non-current assets	382	26	25	24	28	50	315	-	14
Marketable securities and other current financial assets	36	-	36	-	-	-	-	-	-
Cash and cash equivalents	2,195	2	2,195	-	-	-	-	-	-
Assets	**2,613**	**28**	**2,256**	**24**	**28**	**50**	**315**	**-**	**14**
Non-current borrowings	(4,197)	-	-	(144)	(805)	(264)	(2,120)	(79)	(1,272)
Non-current obligations under finance leases	(433)	-	-	(28)	(44)	(57)	(364)	(3)	(25)
Current borrowings	(283)	(170)	(283)	-	-	-	-	-	-
Current obligations under finance leases	(42)	(31)	(42)	-	-	-	-	-	-
Liabilities	**(4,955)**	**(201)**	**(325)**	**(172)**	**(849)**	**(321)**	**(2,484)**	**(82)**	**(1,297)**
NET CASH/(DEBT)	**(2,342)**	**(173)**	**1,931**	**(148)**	**(821)**	**(271)**	**(2,169)**	**(82)**	**(1,283)**

Cash flow arising from operating derivatives at 31 March 2013

Cash flow for the years ended 31 March (in € million)	Carrying amount	2014 Interests	2014 Repayment	2015 Interests	2015 Repayment	2016-2018 Interests	2016-2018 Repayment	2019 and thereafter Interests	2019 and thereafter Repayment
Other current operating assets	333	-	160	-	53	-	69	-	51
Assets	**333**	**-**	**160**	**-**	**53**	**-**	**69**	**-**	**51**
Other current operating liabilities	(363)	-	(187)	-	(89)	-	(76)	-	(11)
Liabilities	**(363)**	**-**	**(187)**	**-**	**(89)**	**-**	**(76)**	**-**	**(11)**
DERIVATIVES	**(30)**	**-**	**(27)**	**-**	**(36)**	**-**	**(7)**	**-**	**40**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2013

Cash flow for the years ended 31 March (in € million)	Carrying amount	2014 Interests	2014 Repayment	2015 Interests	2015 Repayment	2016-2018 Interests	2016-2018 Repayment	2019 and thereafter Interests	2019 and thereafter Repayment
Other investments	101	-	-	-	-	-	-	-	101
Other non-current assets	123	-	75	-	1	-	5	-	42
Trade receivables	5,285	-	5,285	-	-	-	-	-	-
Other current operating assets	1,005	-	1,005	-	-	-	-	-	-
Assets	**6,514**	**-**	**6,365**	**-**	**1**	**-**	**5**	**-**	**143**
Trade payables	(4,041)	-	(4,041)	-	-	-	-	-	-
Other current operating liabilities	(1,547)	-	(1,547)	-	-	-	-	-	-
Liabilities	**(5,588)**	**-**	**(5,588)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**926**	**-**	**777**	**-**	**1**	**-**	**5**	**-**	**143**

26.6 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 27. Other current operating liabilities

(in € million)	At 31 March 2014	At 31 March 2013
Staff and associated liabilities	1,164	1,145
Corporate income tax	98	76
Other taxes	495	458
Deferred income	119	95
Other payables	1,106	1,336
Derivatives relating to operating activities	319	363
Remeasurement of hedged firm commitments in foreign currency	370	215
OTHER CURRENT OPERATING LIABILITIES	**3,671**	**3,688**

Note 28. Assets and liabilities held for sale

As of March 31, 2014, assets held for sale amount to €293 million and relate to the contemplated sale of the business Auxiliary components agreed on 1 April 2014 with Triton, a leading European investment firm (see Note 34). This amount is primarily comprised of goodwill.

The business Auxiliary components is part of Steam segment within Thermal Power and is active both in the new equipment market and aftermarket services across three product lines : air preheaters and gas-gas heaters for thermal power plants, heat transfer solutions for a variety of petrochemical and industrial processes, and grinding mills for diversified industrial applications. Headquartered in Germany, the activities employ more than 1,500 people worldwide.

The disposal value is expected to significantly exceed the carrying value of assets held for sale.

Note 29. Employee benefit expense and headcount

	Year ended	
(in € million)	31 March 2014	31 March 2013*
Wages and salaries	4,373	4,545
Social charges	1,118	1,143
Post-employment and other long-term benefit expense (see Note 24.7)	371	338
Share-based payment expense (see Note 22)	10	15
TOTAL EMPLOYEE BENEFIT EXPENSE	**5,872**	**6,041**

* Figures have been adjusted as mentioned in Note 3 "Changes in accounting method" following the application of IAS 19 revised

	At 31 March 2014	At 31 March 2013
Staff of consolidated companies at year end		
Managers, engineers and professionals	46,086	45,140
Other employees	40,039	41,112
HEADCOUNT (1)	**86,125**	**86,252**

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

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.

At 31 March 2014, the Group has in place both uncommitted bilateral lines in numerous countries up to €21.4 billion and a Committed Bonding Facility Agreement allowing issuance of instruments until 27 July 2016 for an amount of €9 billion.

At 31 March 2014, the total outstanding bonding guarantees related to contracts, issued by banks or insurance companies, amount to €17 billion (€15.6 billion at 31 March 2013).

The available amount under the Committed Bonding Facility at 31 March 2014 amounts to €2.0 billion (€2.1 billion at 31 March 2013). The available amount under bilateral lines at 31 March 2014 amounts to €10.9 billion. The Committed Bonding Facility includes a certain number of financial covenants based on consolidated figures of the Group:

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

(a) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense (excluding interest related to obligations under finance lease). It amounts to 8.0 at year end 31 March 2014 (11.2 at year end 31 March 2013).
(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant would apply if the Group is rated "non-investment grade" by both rating agencies, which is not the case at 31 March 2014.
(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA. The net debt leverage is 1.9 as at 31 March 2014 (1.3 at 31 March 2013).

Vendor financing

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

At 31 March 2014, guarantees given as part of past vendor financing arrangements concern guarantees given as part of a leasing scheme involving London Underground Limited (Northern Line and amount to £177 million (€214 million and €209 million at 31 March 2014 and 31 March 2013 respectively).

Were London Underground Limited to decide not to extend the contract beyond 2017, and to hand the trains back, the Group has guaranteed to the lessors that the value of the trains and associated equipment, net of the £15 million non-extension payment due by London Underground, should not be less than £177 million in 2017. The £177 million is included in the €349 million amount of "Other obligations under long-term rental" (see Note 25).

30.2 Disputes

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 other cases, the Group also claims compensation, sometimes severally with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of litigation 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**

In France, some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos. 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".
In the United States of America, subsidiaries of the Group are also subject to asbestos-related personal injury lawsuits. The Group considers that it has valid defences in these cases and the number of outstanding cases is decreasing.
The Group believes that the cases where it may be required to bear the financial consequences of such civil or criminal proceedings both in France and the United States of America do not

represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases would not have any material adverse effect on its financial condition.

- **Alleged anti-competitive activities**

GIS equipment

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

On 24 January 2007, the European Commission levied a fine of €65 million against Alstom which includes €53 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of this decision before the General Court of the European Union. On 3 March 2011 the Court reduced the amount of fine levied against Alstom to €58.5 million out of which €48.1 million on a joint and several basis with Areva T&D (Alstom Grid). On 20 May 2011, Alstom requested the cancellation of this decision before the Court of Justice of the European Union. The final decision occurred on 10 April 2014 and the fine against Alstom was confirmed. The fine and the applicable interests will be paid upon notification of their due date.

Following the aforementioned European Commission decision of 24 January 2007, on 17 November 2008 National Grid commenced a civil action before the High Court of Justice in London to obtain damages against the manufacturers of GIS equipment, including Alstom and certain of its subsidiaries. National Grid asserts that it has suffered overall alleged damages from all manufacturers concerned for a total reevaluated amount of £275 million since it bought GIS equipment at inflated prices due to alleged anti-competitive arrangements between manufacturers. Alstom contests the facts. The High Court of Justice in London decided that the final hearings would occur in June and July 2014. Two other similar civil actions started in May and September 2010 before national jurisdictions for a global amount of approximately €32 million are ongoing.

On 16 September 2013 the Israeli Antitrust Authority issued a decision whereby Alstom and other companies were held liable for anti-competitive arrangement in the GIS Israeli market. No fine will be imposed to Alstom arising out of this decision. Alstom prepares its defense to appeal this decision. Following this decision, the Israeli state-owned company for the power distribution started a civil action amounting to € 784 million against the members of the alleged anti-competitive arrangement in December 2013. Two class actions have also been initiated against the members of the alleged anti-competitive arrangement for overcharge. These procedures are at a very preliminary stage. Alstom vigorously contests these procedures on the merits and considers it has good arguments to defend these cases.

Power transformers

On 20 November 2008, the European Commission sent a statement of objections to a number of manufacturers of power transformers, including Alstom, concerning their alleged participation in anti-competitive arrangements. Alstom has contested the materiality of the alleged facts. On 7 October 2009, the European Commission levied a fine of €16.5 million against Alstom which includes €13.5 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of this decision before the General Court of the European Union on 21 December 2009. The hearings on the merits took place on 9 July 2012 and the decision is expected to occur during the second semester of 2014.

Transportation activities

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiary of Alstom Transport, following allegations of anti-competitive practices. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom Transport's subsidiary in Brazil, and certain current and former employees of the Group. Alstom Transport fully cooperates with CADE. In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible.

- **Alleged illegal payments**

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

In the United States, the U.S. Department of Justice (DOJ) began in 2010 investigations on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act. The Group is working diligently with the DOJ to answer questions and produce documents associated with the projects which are in the scope of the DOJ investigations in order to address any possible improper conduct. At this stage, the discussions with the DOJ have not evolved to the point of negotiating a potential settlement regarding these investigations.

As regards the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. As with the United States, the Group is keen to bring these investigations to a rapid conclusion.

With respect to these above mentioned matters, the Group is fully cooperating with the concerned authorities or institutions. These procedures may result in fines, exclusion of Group subsidiaries from tenders and third-party actions. At this stage the Group is unable to predict the outcome of any of these investigations.

The World Bank sanctioned Alstom for improper payment of €110,000 made in 2002 in relation to a World Bank–financed Zambian power rehabilitation project. On 22 February 2012, as part of a negotiated resolution 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. The Group paid also a restitution amount of $9.5 million. This debarment qualifies for cross-debarment by the other multilateral development banks pursuant to the Agreement of Mutual Recognition of Debarments signed on 9 April 2010.

- **US litigation following an accident in the Washington D.C. metro**

On 22 June 2009, a collision between two metro trains occurred in the Washington D.C. metro resulting in the death of 9 persons and the injury of 52 persons. The claims against Alstom Signaling Inc. initially amounted to approximately $475 million. A report of the National Transportation Safety Board on the causes of the accident partially implicated equipment supplied by Alstom Signaling Inc. As of today, 120 claims have been made. The 29 most serious claims have been settled and one remains subject to Court approval. All other cases have been settled. All the claims have been declared to the Group’s insurers and Alstom has adequate insurance coverage.

- **Budapest metro**

In 2006, Alstom was awarded by BKV a contract for the delivery of 22 Metropolis metros for Line 2 and 15 metros for Line 4 for 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 immediately thereafter all bank guarantees amounting in total to approximately €130 million. This amount was paid in June 2011. 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 homologation for the Final Type License was obtained in July 2012. On 17 December 2012, the arbitration resumed to solve notably the issue of the damages resulting from the delays on the project. The contract execution is ongoing as well as the arbitration proceedings which are at the beginning phase of hearings and assessments of damages claimed by the parties.

- **Lignite-fired station in Maritza**

In 2006, Alstom was awarded by AES a contract for the manufacture of a lignite-fired station in Maritza, Bulgaria. During the execution of the project, Alstom experienced delays and works disruptions mostly due to the defective nature of the lignite supplied by AES. In February 2011, AES called the performance bank guarantee amounting to approximately €150 million. This amount was paid in July 2011. In addition, in March 2011, AES terminated the contract. An arbitration procedure initiated by Alstom, for wrongful termination notably, is on-going.

According to the latest arbitral timetable, the hearings before the Arbitral Tribunal are postponed until end of May 2014.

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 lease payments		
(in € million)	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Long term rental (*)	425	53	140	232
Finance leases	106	21	67	18
Operating leases	859	179	495	185
TOTAL AT 31 MARCH 2014	**1,390**	**253**	**702**	**435**
Long term rental (*)	467	51	189	227
Finance leases	127	22	78	27
Operating leases	546	102	298	146
TOTAL AT 31 MARCH 2013	**1,140**	**175**	**565**	**400**

(*) Obligations related to a long-term rental of trains and associated equipment to a London metro operator (see Note 25) including interests to be paid.

Note 32. Independent Auditors' fees

Fees due to auditors and members of their networks in respect of years ended 31 March 2014 and 31 March 2013 were as follows:

	Year ended 31 March 2014				**Year ended 31 March 2013**			
	Mazars		PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers	
(in € million)	Amount	%	Amount	%	Amount	%	Amount	%
AUDIT								
Independent Auditors' diligence, certification, review of individual and consolidated accounts	7.5	85%	11.1	87%	6.9	86%	12.0	92%
. ALSTOM SA	*1.0*	*11%*	*1.3*	*10%*	*0.8*	*10%*	*1.4*	*11%*
. Controlled entities	*6.5*	*74%*	*9.8*	*77%*	*6.1*	*76%*	*10.6*	*81%*
Other audit diligence and audit related services	1.2	14%	0.5	4%	0.9	12%	0.7	5%
. ALSTOM SA	-	-	*0.2*	*2%*	-	-	*0.1*	*1%*
. Controlled entities	*1.2*	*14%*	*0.3*	*2%*	*0.9*	*12%*	*0.6*	*4%*
Sub-total	**8.7**	**99%**	**11.6**	**91%**	**7.8**	**98%**	**12.7**	**97%**
OTHER SERVICES								
Legal, tax and social (1)	0.1	1%	0.5	4%	0.2	2%	0.3	3%
Other (2)	-	-	0.6	5%	-	-	-	-
Sub-total	**0.1**	**1%**	**1.1**	**9%**	**0.2**	**2%**	**0.3**	**3%**
TOTAL	**8.8**	**100%**	**12.7**	**100%**	**8.0**	**100%**	**13.0**	**100%**

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

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

Note 33. Related parties

The Group has identified the following related parties:

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

33.1 Shareholders of the Group

Bouygues, a French company listed on Paris stock market, is the main shareholder of the Group, holding more than 5% of the parent company's share capital. At 31 March 2014, Bouygues holds 29.33% of Alstom's share capital and voting rights.

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

33.2 Related-party disclosures

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

	Year ended 31 March 2014		At 31 March 2014	
(in € million)	**Income**	**Expenses**	**Receivables**	**Liabilities**
Joint ventures	118	2	46	4
Associates	12	-	2	-

33.3 Key management personnel

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee at 31 March 2014.

	Year ended	
(in € thousand)	**31 March 2014**	**31 March 2013**
Short-term benefits (*)	**7,229**	**8,611**
Fixed gross salaries	4,659	4,287
Variable gross salaries (1)	2,570	4,324
Post-employment benefits	**3,082**	**4,195**
Post-employment defined benefit plans	2,938	4,047
Post-employment defined contribution plans	144	148
Other post-employment benefits	-	-
Other benefits	**1,133**	**1,129**
Non monetary benefits	207	131
Share-based payments (2)	926	998
TOTAL	**11,444**	**13,935**

(*) Excluding social charges (respectively €3,160 thousand as of 31 March 2014 and €3,126 thousand as of 31 March 2013)

(1) Includes long-term conditional compensation plan allocated to the Chairman and CEO.

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

Note 34. Subsequent events

On April 30th, 2014, the Board of Directors of Alstom announced that it received a binding offer from General Electric (GE) to acquire its Energy activities. The scope of the transaction includes the sectors Thermal Power, Renewable Power and Grid, as well as corporate and shared services. These businesses registered €14.4bn in sales in fiscal year 2013/14. The proposed price is a fixed price representing an Equity Value of €12.35bn and an Enterprise Value of €11.4bn.

Should this offer be approved and completed, Alstom would refocus on its Transport activities. Alstom should use the sale proceeds to strengthen its Transport business, pay down its debt and return cash to its shareholders.

The Board of Directors acknowledging unanimously the strategic and industrial merits of this offer, will take a month to review this offer. It has set up to this aim a committee of independent directors, led by Jean-Martin Folz, and comprised of Messrs Gérard Hauser, Jim Leng, Chairman of the nominations and remuneration committee, and Alan Thomson, Chairman of the Audit committee. This Committee appointed a financial expert and a legal advisor. Should the Board conclude positively, the information and consultation of Alstom employees' representatives bodies will be conducted before entering into a definitive agreement. Completion of the transaction would be subject to merger control and other regulatory clearances. In accordance with AFEP-Medef code, the final approval of the transaction will be submitted to the shareholders. Bouygues, a 29% shareholder of Alstom, has committed not to sell its shares until this approval and has indicated that it will support the recommendation of the Alstom Board of Directors.

In the context of this binding offer, Alstom may not solicit offers from third parties for the acquisition of all or part of its Energy business. It has however reserved the right to consider unsolicited offers for its entire Energy business that could lead to a superior offer for Alstom. If, after having recommended the GE's offer, the Board of Directors were to support another transaction, Alstom would owe GE a break-up fee equal to 1.5% of the purchase price.
The Board also review a declaration of interest received from Siemens, regarding an alternative transaction.

On 1 April 2014, after the Board of Directors approval, the Group agreed to sell its Auxiliary components business to Triton, a leading European investment firm, for an Enterprise Value of around €730 million.
This transaction is part of the non-core asset disposal program announced by the Group and is expected to close before the end of first half of the year ended 31 March 2015 (see Note 28).

Alstom Transport started the information/consultation process with the European Works Council (EWF) on 10 April 2014 about planned reorganization projects in Barcelona (Spain) and the headquarters in Saint-Ouen (France). Over the coming period, Alstom Transport will continue the dialogue at both European and local level. This would impact around 370 permanent positions.

On 24 April 2014, Alstom was downgraded by Standard & Poor's rating agency from BBB to BBB- on long term rating (which remains investment grade) and from A-2 to A-3 on short term rating with stable outlook.

The Group has not identified any other subsequent events to be reported.

Note 35. Major companies included in the scope of consolidation

The major companies of the Group are listed below and selected according to one of the following criteria: significant holding companies or sales above €100 million for the year ended 31 March 2014. The list of all consolidated companies is available upon request at the head office of the Group.

Companies	Country	Ownership %	Consolidation Method
Parent company			
ALSTOM	France	-	Parent company
Holding companies			
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Power Holdings SA	France	100%	Full consolidation
ALSTOM Transport	France	100%	Full consolidation
ALSTOM Deutschland AG	Germany	100%	Full consolidation
ALSTOM Spa	Italy	100%	Full consolidation
ALSTOM NV	Netherlands	100%	Full consolidation
ALSTOM Transport Holdings BV	Netherlands	100%	Full consolidation
ALSTOM Grid Finance BV	Netherlands	100%	Full consolidation
ALSTOM Renewable Holding BV	Netherlands	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
ALSTOM UK Holdings Ltd	United Kingdom	100%	Full consolidation
ALSTOM Inc	USA	100%	Full consolidation

Industrial companies			
ALSTOM Grid Australia Ltd	Australia	100%	Full consolidation
ALSTOM Belgium SA	Belgium	100%	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100%	Full consolidation
ALSTOM Grid Energia Ltda	Brazil	100%	Full consolidation
ALSTOM Power & Transport Canada Inc.	Canada	100%	Full consolidation
ALSTOM Grid Canada, Inc	Canada	100%	Full consolidation
ALSTOM Hydro China Co., Ltd	China	99%	Full consolidation
Casco Signaling Ltd	China	50%	Proportionate consolidation
ALSTOM Estonia AS	Estonia	100%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Power Systems SA	France	100%	Full consolidation
ALSTOM Grid SAS	France	100%	Full consolidation
ALSTOM Power Service	France	100%	Full consolidation
ALSTOM Hydro France	France	100%	Full consolidation
COGELEX	France	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Grid GmbH	Germany	100%	Full consolidation
ALSTOM Power GmbH	Germany	100%	Full consolidation
ALSTOM Power Systems GmbH	Germany	100%	Full consolidation
ALSTOM Boiler Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Power Energy Recovery GmbH	Germany	100%	Full consolidation
ALSTOM T&D India Limited	India	73%	Full consolidation
ALSTOM India Limited	India	69%	Full consolidation
ALSTOM Israel Ltd	Israel	100%	Full consolidation
ALSTOM Ferrovaria S.p.A	Italy	100%	Full consolidation
ALSTOM K.K.	Japan	100%	Full consolidation
ALSTOM Services Sdn Bhd	Malaysia	100%	Full consolidation
ALSTOM Mexicana S.A. de C.V.	Mexico	100%	Full consolidation
The Breakers Investments B.V. (Transmashholding)	Netherlands	25%	Equity method
ALSTOM Power Sp.z o.o.	Poland	100%	Full consolidation
ALSTOM Asia Pte Ltd	Singapore	100%	Full consolidation
ALSTOM S&E Africa (Pty)	South Africa	100%	Full consolidation
ALSTOM Power Service (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Transporte SA	Spain	100%	Full consolidation
ALSTOM Renovables Espana, S.L.	Spain	100%	Full consolidation
ALSTOM Power Sweden AB	Sweden	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
AP O&M Ltd.	Switzerland	100%	Full consolidation
ALSTOM Renewable (Switzerland) Ltd	Switzerland	100%	Full consolidation
ALSTOM Grid Enerji Endustrisi A.S	Turkey	100%	Full consolidation
ALSTOM Middle East FZE	United Arab Emirates	100%	Full consolidation
ALSTOM Ltd	United Kingdom	100%	Full consolidation
ALSTOM Transport UK Ltd	United Kingdom	100%	Full consolidation
ALSTOM Power Inc.	USA	100%	Full consolidation
ALSTOM Grid Inc.	USA	100%	Full consolidation
ALSTOM Boilers US LLC	USA	100%	Full consolidation
ALSTOM Signalling Inc.	USA	100%	Full consolidation

ALSTOM

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Alstom
3, avenue André Malraux
92300 Levallois-Perret

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2014 on:

- the audit of the accompanying consolidated financial statements of Alstom;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 3 "Changes in accounting method" to the consolidated financial statements regarding the impacts resulting from the revision of IAS 19 "Employee benefits" as at April 1, 2013.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

1. Construction contracts

As described in Notes 2.2, 2.3.6, 2.3.7, 2.3.18, 23 and 30.1 to the consolidated financial statements and related to the recognition of revenue and operating margin, Alstom makes estimates that may have a significant impact, notably when determining the margin at completion on each contract, determined on the basis of the latest information and contract status available. Those estimates are reflected on the balance sheet under "Construction contracts in progress, assets", "Construction contracts in progress, liabilities" and for contracts completed in "Current provisions". We have examined the processes applied by Alstom and considered the data and assumptions on which these estimates are based.

2. Goodwill and other long term assets

Alstom performed an impairment test on goodwill at year-end and also assessed whether there was any indication of impairment of other long-term assets, in accordance with the approach described in Note 2.3.13 to the consolidated financial statements. We have assessed the impairment test performed and verified that Note 11 to the consolidated financial statements gives the appropriate information.

3. Disputes

We have examined the procedures used by Alstom to identify, assess and account for disputes. We have ensured that the status of the disputes and the related uncertainties are adequately described in Note 30.2 to the consolidated financial statements.

As stated in Note 2.2 to the consolidated financial statements, several matters mentioned in the paragraphs above are based on estimates and assumptions which are uncertain by nature, and for which the final outcome may significantly differ from the initial forward looking data used, in particular given the current economical and financial environment.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 7 May 2014

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Olivier Lotz	Thierry Colin