MANAGEMENT REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR 2011/12

1. Main events of fiscal year 2011/12

1.1. Sustained level of orders received for all Sectors, sales starting to recover on the second semester and profitability reaching 7.1% over the year.

During fiscal year 2011/12, the Group booked €21.7 billion of orders, 14% above last year on an actual basis and 12% on an organic basis, confirming the rebound in the last semester of 2010/11. The share of emerging countries in Alstom's order intake reached 59%, stable compared to last year.

Order intake for Thermal Power rose by 17% compared to last fiscal year, at €9.4 billion, thanks to large contracts in steam (Malaysia and Eastern Europe), gas (Singapore, Iraq and Russia) and nuclear (Russia). Renewable Power booked €2.0 billion of orders (up 5% compared to last year), including large wind projects in Brazil and Ethiopia and a hydropower project in India. Grid realised a sound performance with €4.0 billion of orders received including a strategic High Voltage Direct Current (HVDC) contract in Sweden. Transport's order intake rose by 11% compared to last year, at €6.3 billion, thanks to large orders booked in Western and Eastern Europe (France, Poland, Germany and Russia).

Thanks to this commercial rebound, Alstom's backlog came up to 49.3 billion, which represents 30 months of sales.

After a decrease in the first half of 2011/12, sales started to recover during the second semester as contracts booked during the commercial rebound over the past 18 months progressively began to trade. Thanks to this recovery, Group sales stood at €19.9 billion in fiscal year 2011/12, down 5% on an actual basis and 6% on an organic basis.

In connection with the evolution of sales, income from operations, at €1,406 million in fiscal year 2011/12, showed a marked improvement over the second half but on a yearly basis went down 10%. The operating margin decreased from 7.5% to 7.1%.

Net profit (Group share) increased by 58% to €732 million in fiscal year 2011/12, compared to €462 million in fiscal year 2010/11 when significant restructuring provisions had been booked (€520 million in 2010/11 versus €83 million in 2011/12).

After a large cash outflow in the first half of 2011/12, the free cash flow turned positive at €341 million in the second half, supported by the progressive recovery of sales and the sound level of orders. For the full year, the free cash flow amounted to €(573) million.

Following the payment of the dividend for €183 million, the acquisition of 25% of Transmashholding and the negative free cash flow, the Group's net financial debt reached €2,492 million versus €1,286 million at the end of the fiscal year 2010/11.

At 31 March 2012, Alstom had a cash in hand and cash equivalent position of €2,091 million. In addition, a syndicated revolving credit facility of €1.35 billion with a 5-year maturity was signed to renew and extend an existing line of €1 billion. During the year, Alstom also issued two bonds, one €500 million bond with maturity 2016 and one RMB 500 million (around €60 million) bond with maturity 2015.

1.2. Strengthened presence in the most dynamic economies, improved competitiveness

Investments

During fiscal year 2011/12, Alstom invested €521 million in capital expenditures (excluding capitalised development costs) to strengthen its presence in growing markets (Asia, Brazil) and modernise its production facilities.

In India, Thermal Power, in partnership with Bharat Forge, pursued the construction of a manufacturing plant for steam turbines and generators. In Shahabad, the Sector opened a new boiler auxiliary components facility. To support its growth in the region, Renewable Power strengthened its manufacturing capabilities in its hydropower equipment facility in Vadodara. Finally, Transport is building a new rolling stock plant to execute the large metro contract it was awarded last fiscal year for the city of Chennai.

In China, the Group started the second phase of the construction of its hydropower manufacturing facility in Tianjin.

In Brazil, where Alstom was awarded two significant contracts for wind farms, the Group unveiled its first wind turbine plant in November 2011. Located in Bahia, the factory will have an output capacity of 300 MW per year.

India, China and Brazil were also at the heart of Grid capital expenditure programme. The Sector is developing its industrial base addressing high-growth segments such as HVDC transformers and Ultra High Voltage (UHV) breakers.

In Europe, Transport continued the modernisation of the Reichshoffen site (France) for CORADIA™ Polyvalent and of the Tarbes site (France) for traction blocs. In Poland, Alstom is increasing its body shells capacity. Thermal Power made significant investments in the existing Belfort factory (France) to improve competitiveness in large turbine and generator manufacturing.

Acquisitions and Partnerships

During fiscal year 2011/12, the Group's expansion, especially in Brazil, Russia, India and China (BRICs), came along with the conclusion of several partnership agreements.

In Russia, all Sectors went through decisive steps to build on their existing partnerships and to reinforce their local presence. In May 2011, Transport finalised its partnership agreement with Transmashholding (TMH), the leading Russian railway manufacturer, by acquiring a 25% stake (plus one share) of the company as agreed when the cooperation started in 2008. In September 2011, the EP20 locomotive, first product resulting from this strategic partnership was unveiled, announcing the gradual construction of a range of common products. Besides, in November 2011, Alstom and TMH signed an agreement with the city of Saint Petersburg to develop a modern tramway network able to resist the region's weather conditions. In the Signalling business, Alstom and Promelectronica announced in September 2011 their intention to develop a partnership to commercialise signalling equipment in the Russian and CIS markets. On the power side, Alstom and RusHydro, Russia's largest hydropower generation company, extended their existing partnership to thermal power generation. The two companies also formed a 50/50 joint venture which will operate a greenfield hydropower manufacturing facility which will notably provide equipment for the modernisation of the Kubansky Cascade hydropower plant. Besides, Thermal Power signed a framework agreement with the Renova Group to create and localise state-of-the-art power generation equipment for applications in thermal power plants. Finally, Grid signed agreements with Soyuz to produce high voltage switchgear products and with KER to develop an Engineering Centre dedicated to the High Voltage Direct Current technologies.

In China, Alstom and Shanghai Electric Group signed in April 2011 a letter of intent to create a 50/50 joint company, Alstom-Shanghai Electric Boilers Co. Benefiting from Shanghai Electric's cost base and strong positioning in China and Alstom's technological edge and experience with the utilities worldwide, the joint company would be the world leader in boilers for coal-fired power plants, with combined sales of about €2.5 billion in 2010. At 31 March 2012, discussions are on-going. In Carbon Capture and Storage (CCS), Alstom signed a memorandum of understanding with Datang Corporation in September 2011 to form a long-term strategic partnership and jointly develop demonstration projects in China. The feasibility study agreement for a first CCS Demo Project in Daqing was signed in November 2011. Finally, Grid signed a cooperation agreement with China Electric Power Equipment and Technology and with Power Grid Corporation in India to develop ultra-high voltage technologies.

The Group also entered the wave energy market by acquiring a 42.3% equity share in AWS Ocean Energy, a Scottish renewable energy company. Following this operation, Alstom signed in January 2012 a joint venture agreement with SSE Renewables, the leading Scottish developer of marine energy, to co-develop the world's largest wave farm using a technology currently under development by AWS Ocean Energy Ltd. Grid finalised the acquisition of UISOL in the United States of America and of Psymetrix in the United Kingdom in order to expand its Smart Grid capabilities. Finally, in February 2012, Transport completed the acquisition of Osvaldo Cariboni Lecco Spa, of which it already owned 70%. This Italian company designs, develops and manufactures railway and tramway infrastructures, as well as bus-bars for power plants.

Adapt to demand

In October 2010, the Thermal Power Sector announced the reduction of around 3,500 permanent positions in the European and North American activities dedicated to new equipment for thermal power generation, as well as in the central functions of the Sector. This plan is now largely completed.

In March 2011, an adaptation plan to reduce 1,380 permanent positions in Germany, Italy and Spain was launched by the Transport Sector in order to address the lower demand in these countries and to increase the competitiveness of its industrial base. End of March 2012, more than half of the total planned adjustments had been implemented.

1.3. Enhanced competitive technological edge

During fiscal year 2011/12, the Group invested €780 million in research and development (excluding capitalisation and amortisation) to extend its existing product offering and to develop new technologies.

In particular, Alstom introduced several improvements across its gas turbine range reflecting its commitment to continue building on its gas-fired generation product portfolio to take advantage of the growing interest in natural gas as a cleaner fuel for thermal power generation. The Group unveiled the latest upgrades of its GT26 and GT24 gas turbines in June and September 2011 respectively, with the associated KA26 and KA24 combined-cycle power plants for the 50 Hz and 60 Hz electricity markets. These allow significantly lower production costs of electricity thanks to better efficiency and increased flexibility. In March 2012, Alstom announced an upgraded version of its GT13E2 gas turbine with higher output and improved efficiency. In fiscal year 2011/12, the Group registered a strong order intake for the GT13E2, including 6 engines in Russia alone. In parallel, Alstom continued its research and development efforts in the field of Carbon Capture and Storage. Currently the Group has 12 pilot and demonstration projects on-going around the world. In June 2011, it announced that carbon capture technology was considered proven and would be cost effective and competitive compared to all other CO_2-free technologies.

To enter the offshore wind market, Renewable Power is developing a 6 MW offshore wind turbine combining robustness, simplicity and efficiency in order to improve the competitiveness of offshore wind power. The first pilot turbine was installed onshore in March 2012 in France and will be followed by series production in 2014. This turbine was used by Alstom, EDF Energies Nouvelles and Dong Energy to bid jointly for the recently launched 3 GW French offshore wind tender. Alstom and its consortium partners have been selected by the French government for which Alstom will be the executive supplier of 240 wind turbines. For low wind areas, Alstom developed a new turbine (ECO 122) with improved yield thanks to high power and high capacity factor. To keep its technological edge in hydropower, Alstom is investing in two new Global Technology Centres, one in Canada dedicated to retrofit processes and technology and one in Brazil focused on Kaplan solutions. Finally, Renewable Power opened a new research department in Ocean energy in Nantes (France). This centre designs and tests a new generation of bi-

directional submarine turbines, called ORCA and BELUGA that will produce electricity thanks to tidal currents. The BELUGA turbine will be immersed in 2013 to carry out installation and operation in real life conditions.

Grid increased its research and development efforts over 2011/12 in order to better address the evolution of its markets:

- in the HVDC range, Grid accelerated the industrialisation of its Voltage Source Converter (VSC). Hybrid 800 kV DC bushings and voltage transformer were developed enabling Grid to propose a comprehensive offer around its 800 kV DC converter transformer. A new development was launched to increase performances up to 1100 kV,
- Smart Grid remained a major focus and new milestones were reached in Integrated Demand Response Systems,
- Grid also devoted part of its research and development efforts to improve the competitiveness of its products through redesign-to-cost actions and innovative developments.

Research and development programmes in Transport focused on the improvement of the technological edge of the product offering:

- in April 2011, Transport announced a partnership with RATP to create Metrolab, a research laboratory that focuses on the automatic metro of the future. This new generation of metros will reduce congestion by increasing the frequency of train sets while maintaining high safety and comfort standards,
- in May 2011, Alstom delivered the first third generation duplex TGV[1] train set, called Euroduplex, to SNCF. This first double-deck interoperable very high speed train is able to travel on all European rail networks. Euroduplex went into service in December 2011 and inaugurated the high speed line Rhin-Rhône (France),
- in June 2011, Transport expanded its regional train offering by unveiling the first Coradia™ Polyvalent trainset for use in France. This single-level regional train allows various technical configurations and improved passenger amenities. Highly modular, it can run up to 160 km/h in both its electric and diesel-electric versions and operates at two different voltages,
- in September 2011, Transport and Transmashholding presented the first production of their strategic partnership, the electric locomotive for the EP20 passenger trains. This locomotive can withstand very low temperatures while running at 200 km/h,
- in November 2011, Alstom presented the latest high speed Pendolino™ trains to be delivered to Virgin Trains in the United Kingdom and the very high-speed train AGV.italo™ which is currently being delivered to the Italian rail operator Nuovo Trasporto Viaggiatori (NTV).

[1] TGV is a trademark from SNCF

1.4. A new organisation to improve efficiency and reactivity

In January 2011, Alstom Executive Committee launched the EASE program (Empowerment of the people, Acceleration of the decision making processes, Simplification of structures and processes and Efficiency of the organisation). The objective is to make the organisation of the Company simpler and more flexible, allowing the Group to better address the specific demand and opportunities of each of its markets and to boost its development. Several initiatives were taken at Group's and Sectors' levels. In July 2011, the operational activities of the Group were reshaped into four Sectors - Thermal Power, Renewable Power, Grid and Transport - each one headed by a newly appointed President.

1.5. Corporate responsibility

1.5.1. Environment, Health and Safety (EHS)

In Alstom, the EHS actions are supported by a network of EHS professionals at Sector and Country levels, with the full support of the management of Alstom and the contribution of all employees. A significant effort has been made on training with more than 2,500 people who received with the "Alstom International EHS Passport".

In 2011/12, the Group is in line with the ISO 14001 certification objective for production sites with over 200 employees, reaching 83% and aiming to 100% next year. Other objectives are also on track like energy intensity reduction, water consumption reduction in water-stressed areas and waste recycling. However, the non-methanous volatile organic compounds (VOCs) have slightly increased due to the improvement of the reporting accuracy in the Renewable Power Sector. The GHG emissions are increasing only due to the integration of SF6 gas impact in the Grid Sector.

Alstom also continued to focus on safety, with a steady reduction of the injury frequency rate, at 1.8[2] in line with our target of 1.0 in 2015, and the launch of a special programme, the Severe Accident Prevention Plan. This plan is focusing on the prevention of severe accidents, including fatalities, where improvement is absolutely necessary.

1.5.2. Ethics & Compliance (E&C)

The development of the integrity culture is a key priority for the Group. Under the umbrella of the Alstom Integrity Programme, new initiatives are continuously taken within the whole organisation. The Code of Ethics, existing in 21 languages, was distributed to all employees. To ensure a clear understanding of ethical principles, E&C Instructions are issued on specific topics such as gifts and hospitality, political contributions, charitable contributions and sponsorships, consulting companies, conflicts of interest and resellers. This comes in addition to the comprehensive instructions for dealing with business advisors. To reinforce the resources of the E&C Department, a community of approximately 250 E&C Ambassadors play a key role in raising integrity awareness. Training is a constant effort, and employees have access either to e-learning

[2] Number of accidents with time lost to injury per million hours worked

modules or to face-to-face compliance sessions. Communication campaigns brought support to all E&C initiatives. The Alstom Integrity Programme was certified by ETHIC Intelligence, validating that it corresponds to best international standards.

2. General comments on activity and results

2.1. Consolidated key financial figures

The following table sets out the Group's key performance indicators for 2011/12.

in € million	Year ended 31 March 12	Year ended 31 March 11	% Variation Mar. 12 / Mar. 11 Actual	Organic
Order Backlog	49,269	46,816	5%	4%
Orders Received	21,706	19,054	14%	12%
Sales	19,934	20,923	(5%)	(6%)
Income from operations	1,406	1,570	(10%)	(10%)
Operating Margin	*7.1%*	*7.5%*		
EBIT	1,072	764	40%	
Net Profit - Group share	732	462	58%	
Free Cash Flow	(573)	(516)		
Capital Employed	7,035	5,356		
Net Cash/(Debt)	(2,492)	(1,286)		
Headcount	92,645	93,443	(1%)	

2.2. Key geographical figures

Total Group	Year ended 31 March 2012						
Actual figures, in € million	Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	6,116	3,518	2,577	1,290	5,345	2,860	**21,706**
% of contrib	*28%*	*16%*	*12%*	*6%*	*25%*	*13%*	*100%*
Sales	7,077	1,352	2,440	1,752	4,316	2,997	**19,934**
% of contrib	*35%*	*7%*	*12%*	*9%*	*22%*	*15%*	*100%*
Headcount	46,202	7,330	10,232	5,618	20,315	2,948	**92,645**
% of contrib	*50%*	*8%*	*11%*	*6%*	*22%*	*3%*	*100%*

Total Group	Year ended 31 March 2011						
Actual figures, in € million	Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	5,192	2,165	2,510	1,996	4,983	2,208	**19,054**
% of contrib	*27%*	*12%*	*13%*	*10%*	*26%*	*12%*	*100%*
Sales	7,899	1,454	2,571	1,731	3,788	3,480	**20,923**
% of contrib	*38%*	*7%*	*12%*	*8%*	*18%*	*17%*	*100%*
Headcount	47,330	7,416	10,766	5,499	19,213	3,219	**93,443**
% of contrib	*51%*	*8%*	*11%*	*6%*	*21%*	*3%*	*100%*

3. A three-year guidance (from fiscal year 2012/13 to fiscal year 2014/15)

The markets on which the Group operates show favourable prospects in the medium to long term and, in spite of short-term uncertainties in some areas, orders are expected to remain sound over the three coming years. Developing countries continue to offer opportunities in all Sectors, whilst mature markets, although still globally slow, should show positive signs in some segments, such as offshore wind and high-tech transmission businesses (HVDC and Smart Grid). In this context, sales should grow by more than 5% per year over the coming period. This growth will be accompanied by sustained capital expenditures to further strengthen Alstom's presence in emerging countries and by higher research and development expenses to keep its technological edge.

This increased volume combined with actions on costs should lead to a gradual improvement of the Group's operating margin, which is expected to be at around 8% in March 2015.

Lastly, with cash management remaining a top priority, Alstom plans the free cash flow to be positive in each of the three coming years.

The foregoing outlook are "forward-looking statements" and as a result they are subject to uncertainties. The success of the Group's strategy and action plan, its sales, operating margin and financial position could differ materially from the goals and targets expressed above if any of the risks described in the Risk section of the Annual Report / Document de Référence for fiscal year 2011/12 or other unknown risks, materialise.

4. Sector analysis

4.1. Thermal Power

Thermal Power covers new plants and equipment, retrofit, automation & control and service activities globally for gas, steam and nuclear power generation applications.

The following table presents the key performance indicators for Thermal Power:

Thermal Power			% Variation	
Actual figures	**Year ended**	**Year ended**	March 12 / March 11	
(in € million)	**31 March 2012**	**31 March 2011**	Actual	Organic
Order backlog	18,741	17,982	4%	4%
Orders received	9,366	7,975	17%	19%
Sales	8,726	9,725	(10%)	(9%)
Income from operations	850	879	(3%)	(2%)
Operating margin	9.7%	9.0%		
EBIT	824	558	48%	
Capital employed	2,070	2,267	(9%)	

4.1.1. Orders received

Orders received by Thermal Power grew from €7,975 million in 2010/11 to €9,366 million in 2011/12, an increase of 17%. Overall 66% of order intake came from emerging countries where high GDP growth triggered needs for additional power facilities. In Russia and the Middle East, export oil and gas price levels remained a solid driver for investment while demand for new gas power plants was very strong in East Asia and particularly in Japan. On the opposite, sluggish economic perspectives in Western Europe and North America continued to slow down investments in new capacity.

The steam business was awarded significant contracts for coal fired power plants in Malaysia, Poland and Estonia and recorded several air quality control equipment contracts in the United States of America and the Middle East. In the gas business, Alstom booked orders for turnkey power plants with a GT26 gas turbine in Singapore and with four GT13E2 in Iraq as well as nine gas turbines equipment sales. In total, fourteen gas turbines were sold during fiscal year 2011/12. Through its joint venture Alstom-Atomenergomash, the nuclear business won a significant contract to supply the turbine island equipment for a nuclear power plant in Russia. Finally, Thermal Services main orders were booked in the United States of America, in Malaysia and Singapore.

Thermal Power					% Variation	
	Year ended	% of	Year ended	% of	March 12 / March 11	
Actual figures, in € million	31 March 12	contrib	31 March 11	contrib	Actual	Org.
Western Europe	1,374	15%	2,032	25%	*(32%)*	*(32%)*
Eastern Europe	1,587	17%	558	7%	*184%*	*191%*
North America	1,654	18%	1,279	16%	*29%*	*34%*
South and Central America	157	2%	223	3%	*(30%)*	*(28%)*
Asia/Pacific	3,036	32%	2,910	37%	*4%*	*5%*
Middle East/Africa	1,558	16%	973	12%	*60%*	*64%*
Orders by destination	**9,366**	**100%**	**7,975**	**100%**	***17%***	**19%**

In Western Europe, Thermal Power booked €1,374 million of small and medium size orders, down 32% compared to last year during which Alstom recorded large service contracts in Spain and France.

With €1,587 million in fiscal year 2011/12 versus €558 million the year before, orders received by Thermal Power in Eastern Europe jumped by 184%. Main contracts booked included six gas turbines GT13E2 and the turbine island of a new nuclear power plant in Russia, the first phase of a coal power plant in Poland and an oil shale fired power plant in Estonia. Eastern Europe represented 17% of the orders received by Thermal Power during this fiscal year.

Orders received in North America reached €1,654 million, increasing by 29% compared to last year. Orders received in the region were mainly service and air quality control equipment contracts. They also included a GT24 gas turbine and a steam turbine retrofit order in Mexico with the corresponding long term service agreement. North America represented 18% of the orders received by Thermal Power during this fiscal year.

In South and Central America, Thermal Power's orders received amounted to €157 million, 2% of the Sector order intake of the period, mainly service and environmental control systems contracts.

With €3,036 million of orders booked during fiscal year 2011/12, Asia/Pacific remained the most important commercial region for Thermal Power. The Sector had major successes in the region: two contracts for a 1,000 MW ultra–supercritical coal-fired power plant as well as a gas turbine service contract extension in Malaysia, a combined cycle power plant in Singapore with the associated long term service agreement and a Seawater Flue Gas Desulphurisation system for a 3 x 800 MW coal-fired plant in Taiwan. In China, the Group also recorded two 660 MW and its first two 1000 MW steam turbine generator units for fossil power plants.

Orders booked in Middle East/Africa surged by 60% compared to last year, reaching €1,558 million. The most important contracts included a turnkey gas power plant with four GT13E2 gas turbines in Iraq, air quality control equipment for an aluminium smelter in the United Arab Emirates and a GT13E2 in Nigeria. Middle East/Africa amounted to 16% of the orders received during the period.

Thermal Power Sector received the following major orders during 2011/12:

Country	Description
Bangladesh	One GT13E2 gas turbine
China	Two 1,000 MW Steam Turbine Generator units
China	Two 660 MW Steam Turbine Generator units
Estonia	One 300 MW unit for a fossil fuel power plant based on Circulating Fluidised Bed (CFB) boiler technology
Iraq	Turnkey power plant with 4 GT13E2 gas turbines
Malaysia	Two 1,000 MW ultra-supercritical coal-fired power plants
Malaysia	11-year Long Term Service Agreement for nine GT13E2 gas turbines
Mexico	One GT24 gas turbine, a steam turbine retrofit and a long term service agreement
Nigeria	One GT13E2 gas turbine
Poland	Complete generation equipment for a supercritical coal fired power plant with a 900 MW steam turbine (first phase)
Russia	Six GT13E2 gas turbines
Russia	Turbine island for a nuclear power plant
Saudi Arabia	Selective Catalyst Reducers and Dry Flue Gas Desulphurization (DFGD) systems for 6x80 MW oil and gas-fired boilers
Singapore	Turnkey combined cycle power plant including a GT26 gas turbine and a long term service agreement
Taiwan	Seawater Flue Gas Desulphurisation system and Particulate Removal System with Fabric Filter solution for 3 x 800 MW coal-fired power plant
United Arab Emirates	Air quality control equipment for an aluminium smelter
United States of America	Dry Flue Gas Desulphurisation systems
United States of America	Renewal of long term service agreements

4.1.2. Sales

During fiscal year 2011/12, sales reached €8,726 million, a decline of 10% compared to last year, which reflects the lower level of orders received between March 2009 and September 2010. The situation is nevertheless recovering progressively as important contracts booked since the commercial rebound of the past 18 months started to trade. After two consecutive semesters of decline, sales returned to growth over the second half of 2011/12 (+16% compared to first half 2011/12).

Thermal Power					% Variation	
	Year ended	% of	Year ended	% of	March 12 / March 11	
Actual figures, in € million	31 March 12	contrib	31 March 11	contrib	*Actual*	*Org.*
Western Europe	2,384	27%	3,242	33%	*(26%)*	*(26%)*
Eastern Europe	798	9%	922	9%	*(13%)*	*(12%)*
North America	1,482	17%	1,583	16%	*(6%)*	*(3%)*
South and Central America	254	3%	264	3%	*(4%)*	*(2%)*
Asia/Pacific	2,105	24%	1,429	15%	*47%*	*48%*
Middle East/Africa	1,703	20%	2,285	24%	*(25%)*	*(23%)*
Sales by destination	**8,726**	**100%**	**9,725**	**100%**	***(10%)***	***(9%)***

With the completion of large orders booked prior to the financial crisis and the absence of recovery, sales of Thermal Power in Western Europe decreased by 26% during fiscal year 2011/12, at €2,384 million. Main orders traded during the period included the execution of coal-fired power plants in Germany and in the Netherlands.

Eastern Europe represented 9% of Thermal Power sales in fiscal year 2011/12 at €798 million versus €922 million last fiscal year. Sales resulted from the execution of contracts for turnkey coal-fired power plants in the Czech Republic, Slovenia and Estonia.

Sales in North America decreased by 6%, to €1,482 million. Service activities represented a large part of Thermal Power business in North America.

In South and Central America, Thermal Power sales reached €254 million, decreasing by 4% compared to 2010/11.

In Asia/Pacific, sales soared by 47% from €1,429 million in 2010/11 to €2,105 million in 2011/12, representing 24% of the Sector's sales. This growth was driven by progress on contracts for gas power plants in Singapore, for steam power plants in India and for conventional islands for nuclear power plants in China.

In Middle East/Africa, sales decreased by 25% compared to the same period last year, reaching €1,703 million. Some major projects were completed last year in Saudi Arabia, in the United Arab Emirates and in North Africa. Middle East/Africa accounted for 20% of Thermal Power sales thanks to turnkey coal power plants in South Africa and Saudi Arabia and executions of contracts in Algeria.

4.1.3. Income from operations and operating margin

As a consequence of lower activity during fiscal year 2011/12, Thermal Power income from operations decreased by 3% to €850 million compared to €879 million last year. However, the business mix combined with the attention paid to proper project execution and the measures on costs allowed to raise the operating margin from 9.0% last year to 9.7%.

4.2. Renewable Power

Renewable Power covers Hydro, Wind and New Energies businesses.

The following table presents the key performance indicators for Renewable Power:

Renewable Power			% Variation	
Actual figures	**Year ended**	**Year ended**	March 12 / March 11	
(in € million)	**31 March 2012**	**31 March 2011**	Actual	Organic
Order backlog	4,302	4,187	3%	2%
Orders received	2,026	1,936	5%	7%
Sales	2,027	1,941	4%	6%
Income from operations	150	173	(13%)	(11%)
Operating margin	7.4%	8.9%		
EBIT	149	132	13%	
Capital employed	1,044	804	30%	

4.2.1. Orders received

In all regions, growing environmental focus and more stringent regulations accelerated demand for CO_2 free power generation. Orders received by Renewable Power rose to €2,026 million, a 5% increase compared to last year on an actual basis and 7% on an organic one. Hydro commercial activity was particularly active in South America and Asia while key successes were registered in wind in South America and Africa.

Renewable Power					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 12 / March 11*	
Actual figures, in € million	**31 March 12**	contrib	**31 March 11**	contrib	*Actual*	*Org.*
Western Europe	222	11%	450	23%	*(51%)*	*(50%)*
Eastern Europe	257	13%	66	3%	*289%*	*285%*
North America	198	10%	164	9%	*21%*	*25%*
South and Central America	741	36%	964	50%	*(23%)*	*(21%)*
Asia/Pacific	242	12%	240	12%	*1%*	*3%*
Middle East/Africa	366	18%	52	3%	*604%*	*613%*
Orders by destination	**2,026**	**100%**	**1,936**	**100%**	***5%***	**7%**

Orders received in Western Europe reached €222 million, a 51% decrease compared to last year when an important order for a 300 MW hydro plant was booked in Switzerland. Main orders received included a 207 MW turbine for a new hydro project in Portugal using pump storage and the rehabilitation of hydro turbines in France.

Orders received in Eastern Europe grew by 289% at €257 million in 2011/12 versus €66 million in 2010/11. The Sector was awarded contracts for the rehabilitation of a hydropower complex in Russia and for the supply of 3 Francis turbines for two projects in Turkey.

During fiscal year 2011/12, orders received in North America increased by 21%, to €198 million, representing 10% of the total orders received by the Sector. In Canada, Alstom was awarded a contract for the modernisation of the largest hydroelectric generating site including the supply of four 333 MW Francis turbines. In the United States of America, Renewable Power entered the solar market with its first order to supply a steam turbine designed for a solar thermal power and booked two contracts to provide steam turbine generator sets to biomass power plants.

In South and Central America, Renewable Power registered €741 million of orders received, 23% below last year's performance which included several considerable contracts in Brazil. This year Renewable Power was awarded three important contracts in Brazil for the supply of ECO 86 and ECO 122 wind turbines for large wind farms as well as for power equipment for a new 373 MW hydroelectric plant. In Peru, the Group will supply hydro turbine and generator sets for the country's second largest hydroelectric plant.

With orders received totalling €242 million, Asia/Pacific represented 12% of Renewable Power total order intake. The Sector will deliver equipment for the first variable speed pump storage hydro power plant in India as well as electromechanical packages for three hydroelectric dams totalling 297 MW.

Orders received in Middle East/Africa soared from €52 million last year to €366 million. The region became the second largest for Renewable Power in terms of commercial activity, accounting for 18% of the Sector total order intake. The wind business recorded two large contracts for ECO 74 wind turbines in Ethiopia and in Morocco. The hydro business mainly booked the supply of two 150 MW pump turbines in Israel and a contract to provide an extra 350 MW of power capacity in the Democratic Republic of Congo.

The Renewable Power Sector received the following major orders during 2011/12:

Country	Description
Brazil	Three Kaplan hydro turbines and generators for a 373 MW hydro power plant
Brazil	Supply, installation, commissioning and long-term servicing of ECO 86 wind turbines for four wind farms
Brazil	Supply, installation and commissioning of 40 ECO 122 wind turbines for four wind farms with a total capacity of 108 MW
Brazil	Refurbishment of a 1,710 MW hydro plant for turbines, speed governors and generators and replacement of the excitation system
Ethiopia	Delivery of 54 ECO 74 wind turbines
India	Four 250 MW variable speed turbine and generator units for a 1,000 MW pump storage hydro power plant
Morocco	Installation, commissioning and long-term servicing of 61 ECO 74 wind turbines
Peru	Two vertical Francis Turbines for a 450 MW hydro power plant
Russia	Rehabilitation of electro and hydro mechanical equipment in a hydro power plant complex
Turkey	Two 166 MW + One 24 MW vertical Francis Turbines

4.2.2. Sales

In line with the sustained growth of orders received, sales traded by Renewable Power increased by 4% compared to last year, reaching €2,027 million. The activity of Wind particularly built up thanks to the execution of large wind farm contracts in Brazil and in Ethiopia.

Renewable Power					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 12 / March 11*	
Actual figures, in € million	**31 March 12**	contrib	**31 March 11**	contrib	*Actual*	*Org.*
Western Europe	394	19%	363	19%	*9%*	*9%*
Eastern Europe	66	3%	105	5%	*(37%)*	*(36%)*
North America	242	12%	283	15%	*(14%)*	*(12%)*
South and Central America	754	37%	683	35%	*10%*	*13%*
Asia/Pacific	399	20%	404	21%	*(1%)*	*0%*
Middle East/Africa	172	9%	103	5%	*67%*	*69%*
Sales by destination	**2,027**	**100%**	**1,941**	**100%**	***4%***	***6%***

Western Europe represented 19% of Renewable Power total sales reaching €394 million thanks to progress on wind farm projects in the United Kingdom and in France, to the maintenance of a wind farm in Spain and to the execution of hydropower contracts in Switzerland.

Sales in Eastern Europe decreased by 37% compared to last year at €66 million.

Sales in North America decreased by 14%, to €242 million, versus €283 million last year. The delivery of hydropower equipment in Canada is under progress.

Sales in South and Central America increased by 10%, reaching €754 million. The region accounted for 37% of total sales due to the trading of large hydro and wind projects in Brazil.

Sales traded in Asia/Pacific represented 20% of total sales at €399 million, stable compared to €404 million last year. Hydro projects were mainly executed in China and in India.

Middle East/Africa experienced a significant increase (+67%) thanks to the execution of a wind contract in Ethiopia. The region, with €172 million accounted for 9% of total sales.

4.2.3. Income from operations and operating margin

During fiscal year 2011/12, Renewable Power's income from operations amounted to €150 million. The operating margin decreased from 8.9% last year to 7.4% due to the higher proportion of sales traded this year in the wind business at a lower margin.

4.3. Grid

The following table presents the key performance indicators of Grid Sector for the fiscal year 2011/12:

Grid			% Variation	
Actual figures	**Year ended**	**From 7 June 2010**	March 12 / March 11	
(in € million)	**31 March 2012**	**to 31 March 2011**	Actual	Organic
Order backlog	5,013	5,131	(2%)	(3%)
Orders received	4,003	3,434	17%	0%
Sales	4,013	3,653	10%	(3%)
Income from operations	248	218	14%	9%
Operating margin	6.2%	6.0%		
EBIT	83	35	137%	
Capital employed	2,139	2,082	3%	

4.3.1. Orders received

During fiscal year 2011/12, the traditional substation and transmission market (High Voltage Alternating Current) grew at a steady pace while demand for HVDC and Smart Grid segments was booming. This positive trend is expected to continue in the coming years, driven by:

- the economic growth, particularly in emerging countries, driving the need for electrification and additional power generation capacities,
- the renewal and upgrade of existing networks in mature countries,
- the renewable energy programmes (onshore/offshore grid connections, large remote hydro plant…) and super grid,
- the strive for grid efficiency and network stability (smart grid).

While market volumes were sustained, the strong competition experienced in many regions put pricing under pressure.

During fiscal year 2011/12, Grid recorded orders for a total value of € 4,003 million, stable on an organic basis at the good level achieved last year. Grid booked a major HVDC link in Sweden, along with a robust level of small and medium-sized orders.

Grid					*% Variation*	
Actual figures, in € million	**Year ended 31 March 12**	% of contrib	**From 7 June 2010 to 31 March 2011**	% of contrib	*March 12 / March 11 Actual*	*Org.*
Western Europe	952	24%	640	19%	*49%*	*33%*
Eastern Europe	343	9%	377	11%	*(9%)*	*(24%)*
North America	466	12%	301	9%	*55%*	*35%*
South and Central America	341	8%	359	10%	*(5%)*	*(13%)*
Asia/Pacific	1,158	29%	1,060	31%	*9%*	*(5%)*
Middle East/Africa	743	18%	697	20%	*7%*	*(15%)*
Orders by destination	**4,003**	**100%**	**3,434**	**100%**	***17%***	**1%**

In Western Europe, orders reached €952 million, or 24% of the total order intake. In addition to the large HVDC project won in Sweden, several significant orders were booked such as in Germany for offshore wind farms and in France for a source voltage converter substation aimed at improving the quality of electricity and the reliability of the network.

In Eastern Europe, Grid booked €343 million of contracts, including a project in Tajikistan for the upgrade of an existing 500 kV air insulated substation to a Gas insulated substation (GIS) in a hydroelectric power plant.

North America accounted for €466 million, or 12% of the total order intake, mainly due to the Network Management Systems activity in the United States of America, to turnkey systems orders in Mexico and to orders for transformers in Canada.

South and Central America represented €341 million, or 8% of the order intake. The region was mainly driven by the turnkey substation activity in Brazil.

With €1,158 million orders booked, Asia/Pacific accounted for 29% of the total order intake. Within this region, significant orders were booked among which the turnkey project for the design and construction of a 330/132 kV substation in Australia and the supply of 765/400 kV air insulated substations and 765 kV extra high voltage substations, both in India.

In Middle East/Africa, Grid booked orders for €743 million (18% of the total). The region continued to benefit from significant investments in infrastructure. During the year, the following projects were booked: in Iraq, supply of GIS, auto & step-up transformers and full power electronic equipment, renovation of a 400 kV GIS substation and supply of a 400 kV substation for a new gas fired power plant; in Saudi Arabia, a new 380/132 kV turnkey substation, a project aiming at increasing stability and power transfer capability of 380 kV transmission lines and the installation of capacitor banks in existing substations (132/13.8 kV & 132/33 kV).

The Grid Sector received the following major orders during fiscal year 2011/12:

Country	Description
Australia	Design & Construction of 330/132 kV substation
Brazil	Turnkey project including AC transformers and Air insulated breakers
India	765/400 kV air insulated substations including civil work
India	765 kV Extra High Voltage Substations
Iraq	Supply of GIS & step-up transformers as well as full power electronics equipment for two major power plants
Iraq	400 kV GIS substation for Al Mansuriah Power plant
Saudi Arabia	Turnkey substation project 380/132 kV
Saudi Arabia	Turnkey project to increase the stability and the power transfer capability of 380 kV transmission lines
Saudi Arabia	Installation of capacitor banks in 49 existing substations
Sweden	Turnkey substation for High Voltage Direct Current link
Tajikistan	Upgrade of high voltage Air insulated substation to 500 kV GIS at Nurek Hydro power plant

4.3.2. Sales

Sales amounted to €4,013 million during fiscal year 2011/12, highlighting a sound level of activity. On an organic basis, they decreased by 3% compared to last year mainly due to delayed execution of significant orders booked in North Africa and Middle East countries as a consequence of political instability in this area.

Grid					*% Variation*	
	Year ended	% of	**From 7 June 2010**	% of	*March 12 / March 11*	
Actual figures, in € million	**31 March 12**	contrib	**to 31 March 2011**	contrib	*Actual*	*Org.*
Western Europe	718	18%	686	19%	*5%*	*(9%)*
Eastern Europe	381	9%	302	8%	*26%*	*5%*
North America	396	10%	353	10%	*12%*	*(4%)*
South and Central America	480	12%	410	11%	*17%*	*4%*
Asia/Pacific	1,214	30%	1,145	31%	*6%*	*(5%)*
Middle East/Africa	824	21%	757	21%	*9%*	*(3%)*
Sales by destination	**4,013**	**100%**	**3,653**	**100%**	***10%***	**(3%)**

In Western Europe, sales were at €718 million (18% of the total). Transformers and turnkey projects were delivered in the United Kingdom as well as offshore wind substations in Germany.

In Eastern Europe, sales reached €381 million, with notably the execution of power electronics projects in Russia.

Sales in North America accounted for €396 million (10% of the total) and included mainly the delivery of circuit breakers, power transformers and network management systems in the United States of America.

Sales in South and Central America reached €480 million, with significant contracts traded for the delivery of HVDC equipment in Uruguay and the supply of power transformers for a large hydro power plant in Brazil.

Asia/Pacific accounted for 30% of Grid's sales at €1,214 million. The activity was sustained especially in India (delivery of an ultra-high voltage substation), Australia (delivery of 132 kV substations for the oil industry), Indonesia and South Korea.

Sales in Middle East/Africa amounted to €824 million (21% of the total). The activity was mainly fuelled by the execution of a robust backlog of turnkey contracts for the supply of 220/132/33/11 kV substations as well as the delivery of grid substations in United Arab Emirates and in Iraq. Execution of projects recovered in Libya in the last months of the year.

4.3.3. Income from operations and operating margin

Grid's income from operations reached €248 million, or 6.2% of sales modestly above the 6.0% achieved last fiscal year, on the back of a sound execution of its backlog along with a tighter control of its costs.

4.4. Transport Sector

The following table presents key performance indicators for Transport.

Transport			% Variation	
Actual figures	**Year ended**	**Year ended**	March 12 / March 11	
(in € million)	**31 March 2012**	**31 March 2011**	Actual	Organic
Order backlog	21,213	19,516	9%	7%
Orders received	6,311	5,709	11%	11%
Sales	5,168	5,604	(8%)	(7%)
Income from operations	264	398	(34%)	(33%)
Operating margin	5.1%	7.1%		
EBIT	222	225	(1%)	
Capital Employed	1,403	343		

4.4.1. Orders received

During fiscal year 2011/12, Transport recorded €6,311 million of orders received, an 11% increase on an actual basis compared to 2010/11. After successes in Russia and Kazakhstan last year, the Sector confirmed its outbreak in Eastern Europe with large contracts booked in Poland for Pendolino™ with the associated maintenance and in Russia for locomotives. In emerging countries Transport was also awarded a large project for rolling stock in Singapore. In Western markets, despite the budget constraints, the Sector was able to win key projects in France, Denmark, Germany and the United Kingdom.

Transport					% Variation	
	Year ended	% of	Year ended	% of	March 12 / March 11	
Actual figures, in € million	31 March 12	contrib	31 March 11	contrib	Actual	Org.
Western Europe	3,568	57%	2,070	36%	*72%*	*72%*
Eastern Europe	1,331	21%	1,164	21%	*14%*	*14%*
North America	259	4%	766	13%	*(66%)*	*(65%)*
South and Central America	51	1%	450	8%	*(89%)*	*(89%)*
Asia/Pacific	909	14%	773	14%	*18%*	*19%*
Middle East/Africa	193	3%	486	8%	*(60%)*	*(60%)*
Orders by destination	**6,311**	**100%**	**5,709**	**100%**	***11%***	**11%**

In Western Europe, order intake reached €3,568 million during fiscal year 2011/12, 72% above last year's level. In France, Alstom was awarded the supply of 40 additional Euroduplex very high speed trainsets and of 66 metro trainsets for Paris network. In Germany, orders received picked up after two years of low level, thanks to the booking of contracts for 56 Coradia™ Lint regional trains for Cologne network and for 90 EMU regional trains for Frankfurt network. Other major orders included the supply of a full signalling system for the railway network of the East region of Denmark, a contract for the supply and the maintenance of tramways in the United Kingdom as well as a 6-year maintenance contract for regional trains in Italy.

Accounting for 21% of orders received by Transport, Eastern Europe is the second largest region in terms of orders with €1,331 million in 2011/12, an increase of 14% compared to last year. In Poland, Transport was awarded the supply of 20 Pendolino™ intercity trains as well as the associated maintenance. In Russia, Alstom signed a contract in partnership with TMH to deliver 200 electric freight locomotives.

In North America, Transport booked €259 million of small and medium sized contracts. Last year, its order intake had reached €766 million thanks to a major metro contract in Canada as well as a large project for the renovation of 120 metro cars in the United States of America.

Transport recorded €51 million of orders received during fiscal year 2011/12 in South and Central America. Last year, the Sector had booked €450 million of orders thanks to several important contracts for metro cars in Panama, Santo Domingo and Brazil.

In Asia/Pacific, Transport booked €909 million of orders received in 2011/12, an 18% increase compared to last year. Transport was notably awarded the supply of Metropolis™ trains and the upgrade of the signalling system for Singapore metro network.

In Middle East/Africa, Transport recorded orders of €193 million during fiscal year 2011/12, including a 13-year maintenance contract in Dubai for Al Sufouh tramways. This drop compared to last year's performance of €486 million is explained by the political crisis which affected the commercial activity in some countries.

The Transport Sector received the following major orders during 2011/12:

Country	Description
Denmark	Full signalling system for the railway network of the East region of Denmark
France	66 MF01 trainsets for the lines 2, 5 and 9 of the Paris metro network
France	40 additional Euroduplex very high speed trainsets (30 booked)
Germany	56 Coradia™ Lint regional trains for Cologne network
Germany	90 EMU regional trains for Frankfurt network
Italy	6-year maintenance service for CTR Minuetto
Poland	20 Pendolino™ intercity trains and associated maintenance contract
Russia	200 2ES5 electric freight locomotives
Singapore	Supply of 34 Metropolis™ trains and signalling upgrade
United Kingdom	Turnkey tram line with 22 Citadis™ trams and associated maintenance contract for the city of Nottingham

4.4.2. Sales

Reflecting the trough in orders received during fiscal year 2009/10 and first half 2010/11, Transport sales declined by 8% during fiscal year 2011/12, to €5,168 million compared to €5,604 million last year.

Transport					*% Variation*	
	Year ended	% of	**Year ended**	% of	*March 12 / March 11*	
Actual figures, in € million	**31 March 12**	contrib	**31 March 11**	contrib	*Actual*	*Org.*
Western Europe	3,581	69%	3,608	65%	*(1%)*	*(1%)*
Eastern Europe	107	2%	125	2%	*(14%)*	*(14%)*
North America	320	6%	352	6%	*(9%)*	*(5%)*
South and Central America	264	5%	374	7%	*(29%)*	*(28%)*
Asia/Pacific	598	12%	810	14%	*(26%)*	*(27%)*
Middle East/Africa	298	6%	335	6%	*(11%)*	*(10%)*
Sales by destination	**5,168**	**100%**	**5,604**	**100%**	***(8%)***	**(7%)**

During fiscal year 2011/12, Transport sales in Western Europe reached €3,581 million, stable versus last year. Contracts for very high speed trains were traded in France and Italy. Regional trains and metros were also delivered in France and high speed trains Pendolino™ were executed in the United Kingdom.

Eastern Europe represented 2% of Transport sales, at €107 million, a figure close to last year's level as large orders booked lastly in Russia and Kazakhstan only started to be traded.

Sales in North America amounted to €320 million, a 9% decrease compared to last year. This is explained by the completion of the contract for the New York metro last year and the progressive trading of the contracts booked since the second semester of 2010/11. North America's share in Transport sales stood at 6%.

In South and Central America, Transport recorded €264 million of sales during fiscal year 2011/12, a figure 29% lower than last year's due to the completion of the contract for the Brasilia metro.

Transport sales in Asia/Pacific reached €598 million over 2011/12, 26% lower than the recorded sales in 2010/11 following the completion of a significant Chinese contract for freight locomotives. X'trapolis™ regional trains were delivered to the city of Melbourne.

Accounting for 6% of Transport sales, Middle East/Africa represented €298 million of sales, a decrease of 11% compared to the same period last year. Execution of turnkey contracts was impacted by the political events even though the supply of tramways in Algeria and in Morocco continued to progress.

4.4.3. Income from operations and operating margin

Transport's income from operations was €264 million for fiscal year 2011/12, compared to €398 million last year. The operating margin decreased from 7.1% in 2010/11 to 5.1% in 2011/12. The Sector's operational performance was impacted by the completion during the previous fiscal year of large contracts with higher margin and by the lower volume traded this year, leading to a significantly lower absorption of costs.

4.5. Corporate and Others

Corporate and Others comprise all units accounting for corporate costs as well as the International Network.

The following table presents the key figures for Corporate and Others:

Corporate & Others		
(in € million)	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Income from operations	(106)	(98)
EBIT	(206)	(186)
Capital Employed	379	(140)

Non-operating expenses are mostly related to Grid acquisition and separation costs and past litigation costs. The increase of capital employed mainly resulted from the acquisition of the 25% stake in Transmashholding.

5. Operating and financial review

5.1. Income statement

Total Group			% Variation	
	Year ended	Year ended	March 12 / March 11	
(in € million)	31 March 2012	31 March 2011	Actual	Organic
Sales	19,934	20,923	(5%)	(6%)
Cost of sales	(16,144)	(16,938)	(5%)	(6%)
R&D expenditure	(682)	(703)	(3%)	(5%)
Selling expenses	(900)	(902)	(0%)	(4%)
Administrative expenses	(802)	(810)	(1%)	(4%)
Income from operations	**1,406**	**1,570**	**(10%)**	**(10%)**
Operating margin	7.1%	7.5%		

5.1.1. Sales

In fiscal year 2011/12, consolidated sales stood at €19.9 billion, down by 5% compared to last year. This evolution stems from the low level of orders booked by the Group between 2009 and 2011 particularly in the Thermal Power and Transport Sectors.

5.1.2. Research and development expenditures

During fiscal year 2011/12, Alstom maintained a high level of research and development expenditures (gross costs) at €780 million. Including the impact of capitalisation and amortisation of development costs, research and development expenditures decreased from €703 million last year to €682 million. The amount of capitalisation of development costs remained close to last year's level at €293 million. During the year, Thermal Power focused its R&D programmes on the upgrade of its steam and gas turbines range and on the development of Carbon Capture and Storage technologies. Renewable Power worked on the development of its offshore wind turbine and Transport on the improvement of technologies across its product lines (in particular AGV.italo™ and Coradia™ Polyvalent). As for Grid, R&D programmes covered in particular the development of HVDC technologies and smart grid solutions.

5.1.3. Selling and administrative expenses

Despite the intense commercial activity, selling and administrative expenses decreased by 4% compared to last year on an organic basis thanks to a strict control of costs and to the restructuring efforts.

5.1.4. Income from operations

Impacted by the low level of sales in Transport and Thermal Power, the Group income from operations amounted to €1,406 million for fiscal year 2011/12, down 10% compared to last year. The operating margin decreased from 7.5% to 7.1%, in line with Group guidance.

Total Group			% Variation
	Year ended	**Year ended**	March 12/
(in € million)	**31 March 2012**	**31 March 2011**	March 11
Income from operations	**1,406**	**1,570**	**(10%)**
Restructuring costs	(83)	(520)	(84%)
Other income (expense)	(251)	(286)	(12%)
Earnings Before Interest and Taxes	**1,072**	**764**	**40%**
Financial income (expense)	(177)	(136)	30%
Income tax charge	(179)	(141)	27%
Share in net income of equity investments	28	3	N/A
Discontinued operations	-		N/A
Non-controlling interests	(12)	(28)	N/A
Net income - Group share	**732**	**462**	**58%**

5.1.5. Earnings before interest and taxes (EBIT)

EBIT reached €1,072 million for fiscal year 2011/12, compared to €764 million in 2010/11. This 40% year-to-year increase stemmed from the significant drop in non-recurring costs which overcompensated the decline of the operating income. Restructuring costs stood at €83 million in 2011/12 versus €520 million in 2010/11 and Grid purchase price allocation effects (amortisation of the margin in backlog) and Grid acquisition and separation costs decreased to €156 million versus €203 million in 2010/11.

5.1.6. Net financial income

Net financial income was negative at €(177) million at the end of March 2012 compared to €(136) million at the end of March 2011. Net interest expenses reached €(142) million during 2011/12 compared to €(86) million last year due to the increase of the average net financial debt.

5.1.7. Income tax charge

The income tax charge increased to €(179) million for fiscal year 2011/12, compared to €(141) million last year. It included a €(273) million current income tax charge vs. €(248) million last year and a €94 million deferred income tax credit vs. €107 million in 2010/11.

The effective tax rate was at 20% for the year compared to 22% last year.

5.1.8. Net income - Group share

Reflecting the increase in pre-tax income, net income (Group share) reached €732 million, up 58% compared to last year, due to the significant decrease of non-recurring charges (restructuring costs, purchase price allocation effects (amortisation of the margin in backlog) and acquisition costs of Grid.)

5.2. Balance sheet

Total Group **Actual figures** **(in € million)**	**At 31 March 2012**	**At 31 March 2011**	Variation March 12/ March 11
Goodwill	5,483	5,396	87
Intangible assets	1,921	1,934	(13)
Property, plant and equipment	2,852	2,651	201
Associates and available-for-sale financial assets	531	207	324
Other non-current assets	545	567	(22)
Deferred taxes	1,472	1,287	185
Non-current assets	**12,804**	**12,042**	**762**
Working capital assets	16,139	14,840	1,299
Marketable securities and other current financial assets	13	50	(37)
Cash and cash equivalents	2,091	2,701	(610)
Current assets	**18,243**	**17,591**	**652**
Assets	**31,047**	**29,633**	**1,414**

Total Group **Actual figures** **(in € million)**	**At 31 March 2012**	**At 31 March 2011**	Variation March 12/ March 11
Equity (Group share and minorities)	4,434	4,152	282
Provisions (non-current and current)	2,218	2,482	(264)
Accrued pension and other employee benefits	1,417	1,145	272
Financial debt (current and non-current)	5,022	4,466	556
Deferred taxes	176	88	88
Working capital liabilities (excl. provisions)	17,780	17,300	480
Liabilities	**31,047**	**29,633**	**1,414**

5.2.1. Goodwill and intangible assets

At the end of March 2012, goodwill amounted to €5,483 million against €5,396 at the end of March 2011. This movement mainly arose from the final allocation of the purchase price related to the acquisition of the Grid activity.

Intangible assets include acquired intangible assets and capitalised development costs. They decreased slightly to €1,921 million on 31 March 2012 (compared to €1,934 million on 31 March 2011) due to the amortization of the recognised technology, the order backlog margin and the customer relationships acquired through the Grid business combination.

5.2.2. Tangible assets

Tangible assets increased to €2,852 million on 31 March 2012, compared to €2,651 million on 31 March 2011.

The Group supported its industrial presence in fast growing markets and improved its production capacities through €521 million of capital expenditures (excluding capitalised development expenses) compared to €504 million last year. In India, the construction of a manufacturing plant for steam turbines and generators together with its partner Bharat Forge continued. Renewable Power inaugurated its first wind turbine plant in Brazil. For Transport, capital expenditures were dedicated to the beginning of the construction of a rolling stock factory in India (Chennai) to serve the local market and to the modernisation of its current manufacturing facilities. For Grid, investments mainly aimed at expanding its industrial footprint in Asia, particularly in power transformers and HVDC.

5.2.3. Associates and available-for-sale financial assets

Associates and available-for-sale assets accounted for €531 million on 31 March 2012, compared to €207 million on 31 March 2011. This evolution is mainly due to the acquisition of 25% of TMH.

5.2.4. Other non-current assets

Other non-current assets amounted to €545 million at the end of March 2012, compared to €567 million at the end of March 2011. Financial non-current assets directly associated to a long-term lease of trains and associated equipment for a London Underground Operator in the United Kingdom were stable at €426 million at the end of March 2012.

5.2.5. Working capital

Working capital (defined as current assets excluding cash and cash equivalents, as well as marketable securities, less current liabilities excluding current financial liabilities and including non-current provisions) on 31 March 2012 was €(3,859) million compared to €(4,942) million on 31 March 2011. During the first semester, the Group's working capital degraded by €1,278 million due to the lower sales, to the significant working capital needs in Transport linked to the start-up of activities in some countries, in particular Russia and India, and to two customers disputes (around €280 million retained). This movement was partly offset by a positive evolution during the second semester thanks to a better volume and a high book-to-bill ratio.

5.2.6. Deferred tax

Net deferred tax assets increased to €1,296 million at the end of March 2012, from €1,199 million a year before.

5.2.7. Current and non-current provisions

The current and non-current provisions decreased from €2,482 million on 31 March 2011 to €2,218 million on 31 March 2012, due to the progress of the restructuring plans and to the settlement of significant litigations.

5.2.8. Equity attributable to the equity holders of the parent and minority interests

Equity on 31 March 2012 reached €4,434 million (including minority interests) compared to €4,152 million on 31 March 2011. It was mostly impacted by:

- net income from the fiscal year 2011/12 of €732 million (Group share) ;
- distribution of dividends (Group share) of €(183) million in 2011/12;
- pension actuarial losses generated during the period of €(317) million in 2011/12.

5.2.9. Financial debt

The gross financial debt amounted €5,022 at the end of March 2012 compared to €4,466 million at the end of March 2011. This movement mainly resulted from the issue of a new €500 million bond in January 2012.

See Note 24 to the consolidated financial statements for further details regarding the financial debt.

5.3. Liquidity and capital resources

The following table presents selected figures concerning the consolidated statement of cash flows:

Total Group		
(in € million)	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Net cash provided by operating activities - before changes in net working capital	1,184	974
Changes in net working capital resulting from operating activities	(968)	(743)
Net cash provided by /(used in) operating activities	**216**	**231**
Net cash used in investing activities	(912)	(3,081)
Net cash provided by /(used in) financing activities	87	1,180
Net increase/(decrease) in cash and cash equivalents	**(609)**	**(1,670)**
Cash and cash equivalents at the beginning of the period	2,701	4,351
Net effect of exchange rate variations	-	24
Other changes	(1)	(4)
Cash and cash equivalents at the end of the period	**2,091**	**2,701**

5.3.1. Net cash provided by operating activities

Net cash provided by operating activities was €216 million for fiscal year 2011/12, compared to €231 million for the year before.

Net cash provided by operating activities before changes in net working capital was €1,184 million in 2011/12. It represents the cash generated by the Group's net income after elimination of non-cash items (given that provisions are included in the definition of the working capital, they are not part of the elimination of non-cash items) and before working capital movements.

The Group's net working capital change resulting from operating activities was negative at €(968) million.

5.3.2. Net cash used in investing activities

Net cash used in investing activities was €(912) million for fiscal year 2011/12, versus €(3,081) million for the previous year. Last year figures incorporated the acquisition of Grid Sector for approximately €2.4 billion. In 2011/12, capital expenditures (excluding capitalised development expenses) amounted to €521 million and capitalised research and development costs to €293 million.

5.3.3. Net cash provided by financing activities

Net cash provided by financing activities was €87 million for fiscal year 2011/12, compared to €1,180 million the previous year, mainly due to the issue of a new €500 million bond (compared to €1,500 million bond issues last year), the payment of dividends for €(183) million (compared to €(364) million in 2010/11).

5.3.4. Net cash position

On 31 March 2012, the Group recorded a net debt level of €2,492 million, compared to the net debt position of €1,286 million at 31 March 2011.

Total Group

(in € million)	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Net cash at the beginning of the period	**(1,286)**	**2,222**
Change in cash and cash equivalents	(609)	(1,670)
Change in marketable securities and other current financial assets	237	(57)
Change in bonds and notes	(560)	(1,500)
Change in current and non current borrowings	(13)	(33)
Change in obligations under finance leases	42	41
Net debt of acquired entities at acquisition date and other variations	(303)	(289)
Net cash at the end of the period	**(2,492)**	**(1,286)**

Notes 23, 24, 25, 28 and 29 to the consolidated financial statements provide further details, respectively on:

- the analysis of pensions and other employee benefits;
- the nature and the maturity of the financial debt;
- the Group's policy regarding financial risk management, including currency, interest, credit and liquidity risks;
- off-balance sheet commitments and lease obligations.

5.4. Use of non-GAAP financial indicators

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

5.4.1. Orders received

A new order is recognised as order received only when the contract creates enforceable obligations between the Group and its customer.
When this condition is met, the order is recognised at the contract value.
If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires to immediately eliminate the currency exposure through the use of

forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

5.4.2. Order backlog

Order backlog represents sales not yet recognised on orders already received.
Order backlog at the end of a financial year is computed as follows:

- Order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded in a previous year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation and to foreign currency translation effects.

5.4.3. Free cash flow

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

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities, and a reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group		
(in € million)	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Net cash provided by /(used in) operating activities	**216**	**231**
Capital expenditure (including capitalized development costs)	(813)	(791)
Proceeds from disposals of tangible and intangible assets	24	44
Free Cash Flow	**(573)**	**(516)**

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

5.4.4. Capital employed

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non-current assets (excluding prepaid pension benefits and financial non-current assets directly associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents) minus current and non-current provisions and current liabilities (excluding current provisions and current financial debt).

Capital employed by Sector and at Group level is presented in Note 4 to the consolidated financial statements as of 31 March 2012.

Capital employed is used both for internal analysis purposes and for external communication as it provides insight regarding the amount of financial resources employed by a Sector or the Group as a whole and the profitability of a Sector or the Group as a whole in regard to resources employed.

End of March 2012, capital employed reached €7,035 million, compared to €5,356 million at the end of March 2011, mainly due to change in working capital and capital expenditures.

Total Group		
(in € million)	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Non current assets	12,804	12,042
less deferred tax assets	(1,472)	(1,287)
less non-current assets directly associated to financial debt	(426)	(429)
less prepaid pension benefits	(12)	(28)
Capital employed - non current assets **(A)**	10,894	10,298
Current assets	18,243	17,591
less cash & cash equivalents	(2,091)	(2,701)
less marketable securities and other current financial assets	(13)	(50)
Capital employed - current assets **(B)**	16,139	14,840
Current liabilities	19,876	19,316
less current financial debt	(682)	(629)
plus non current provisions	804	1,095
Capital employed - liabilities **(C)**	19,998	19,782
Capital employed (A)+(B)-(C)	**7,035**	**5,356**

5.4.5. Net cash

Net cash is defined as cash and cash equivalents, marketable securities and other current financial assets and financial non-current assets directly associated to financial debt, less current and non-current financial debt.

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Cash and cash equivalents	2,091	2,701
Marketable securities and other current financial assets	13	50
Financial non-current assets directly associated to financial debt	426	429
less:		
Current financial debt	682	629
Non current financial debt	4,340	3,837
Net cash/(debt)	**(2,492)**	**(1,286)**

5.4.6. Organic basis

Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures have been given on an organic basis in order to eliminate the impact of changes in business composition and of variation of exchange rates between the Euro and the foreign currencies. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However these figures, provided on an organic basis, are not measurements of performance under IFRS.

To prepare figures on an organic basis, the figures presented on an actual basis are adjusted as follows:

- the actual figures for 2010/11 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for 2011/12, as used for preparing the Consolidated Financial Statements;
- in order to reflect the same scope of activity, the same indicators are adjusted both for 2010/11 (restatement of disposals) and for 2011/12 (restatement of acquisitions).

Figures on an organic basis are presented in the table shown next page.

Alstom - ORGANIC FIGURES 2011/12

	Year ended 31 March 2011				Year ended 31 March 2012				
in € million	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope impact	Organic figures	% Var Act. Mar. 12 / Mar.11	% Var Org. Mar. 12 / Mar.11
Thermal Power	17,982	52	-	18,034	18,741		18,741	4%	4%
Renewable Power	4,187	12	-	4,199	4,302		4,302	3%	2%
Grid	5,131	27	-	5,158	5,013		5,013	(2%)	(3%)
Transport	19,516	241	-	19,757	21,213		21,213	9%	7%
Corporate & Others	-	-	-	-	-		-	N/A	N/A
Orders backlog	**46,816**	**332**	**-**	**47,148**	**49,269**		**49,269**	**5%**	**4%**
Thermal Power	7,975	(115)	-	7,860	9,366		9,366	17%	19%
Renewable Power	1,936	(35)	-	1,901	2,026		2,026	5%	7%
Grid	3,434	(48)	-	3,386	4,003	(595)	3,408	17%	1%
Transport	5,709	(36)	-	5,673	6,311		6,311	11%	11%
Corporate & Others		-	-	-			-	N/A	N/A
Orders Received	**19,054**	**(234)**	**-**	**18,820**	**21,706**	**(595)**	**21,111**	**14%**	**12%**
Thermal Power	9,725	(168)	-	9,557	8,726		8,726	(10%)	(9%)
Renewable Power	1,941	(31)	-	1,910	2,027		2,027	4%	6%
Grid	3,653	(54)	-	3,599	4,013	(532)	3,481	10%	(3%)
Transport	5,604	(19)	-	5,585	5,168		5,168	(8%)	(7%)
Corporate & Others	-	-	-	-			-	N/A	N/A
Sales	**20,923**	**(272)**	**-**	**20,651**	**19,934**	**(532)**	**19,402**	**(5%)**	**(6%)**
Thermal Power	879	(11)	-	868	850		850	(3%)	(2%)
Renewable Power	173	(5)	-	168	150		150	(13%)	(11%)
Grid	218	(7)	-	211	248	(15)	233	14%	10%
Transport	398	(4)	-	394	264		264	(34%)	(33%)
Corporate & Others	(98)	-	-	(98)	(106)		(106)	N/A	N/A
Income from Operations	**1,570**	**(27)**	**-**	**1,543**	**1,406**	**(15)**	**1,391**	**(10%)**	**(10%)**
Thermal Power	9.0%			9.1%	9.7%		9.7%		
Renewable Power	8.9%			8.8%	7.4%		7.4%		
Grid	6.0%			5.9%	6.2%		6.7%		
Transport	7.1%			7.1%	5.1%		5.1%		
Corporate & Others	N/A			N/A	N/A		N/A		
Operating margin	**7.5%**			**7.5%**	**7.1%**		**7.2%**		
Sales	20,923	(272)	-	20,651	19,934	(532)	19,402	(5%)	(6%)
Cost of sales	(16,938)	227	-	(16,711)	(16,144)	423	(15,721)	(5%)	(6%)
R&D expenses	(703)	3	-	(700)	(682)	19	(663)	(3%)	(5%)
Selling expenses	(902)	6	-	(896)	(900)	38	(862)	(0%)	(4%)
Administrative expenses	(810)	9	-	(801)	(802)	37	(765)	(1%)	(4%)
Income from Operations	**1,570**	**(27)**	**-**	**1,543**	**1,406**	**(15)**	**1,391**	**(10%)**	**(10%)**