HALF-YEAR FINANCIAL REPORT

(Half-year ended 30 September 2015)

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This document is a free translation of the French language original version

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Management report on condensed interim consolidated financial statements, Half-year ended 30 September 2015

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MANAGEMENT REPORT

ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
HALF YEAR ENDED 30 SEPTEMBER 2015

The following half-year report shall be read in conjunction with the condensed interim consolidated financial statements for the half-year ended 30 September 2015 and the Company's Registration Document for fiscal year 2014/15 filed with the French Autorité des Marchés Financiers on 21 May 2015.

1. Main events of half year ended 30 September 2015

1.1. Alstom strategic move

Effective 2 November 2015, Alstom and General Electric have completed the transaction presented hereafter. For further detail on closing, please refer to Note 27 "subsequent events" of the condensed interim consolidated financial statements for the half-year ended 30 September 2015.

1.1.1. Presentation of the transaction between Alstom and General Electric

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

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

The disposal of Energy activities to General Electric simultaneously to the investment by Alstom in three Joint alliances (Grid, Renewables and Global Nuclear & French Steam) and the acquisition of General Electric's Signalling Business lead to a net cash proceed of €7.1 billion. This net cash proceed is consistent with the €12.35 billion price related to the sole sale of Energy activities (including €1.9 billion of cash existing in Energy scope at 31 March 2014), the subsequent adjustments including the commercial agreements signed in December 2014 (leading to an additional consideration of circa €0.4 billion) and the price reduction approved by Alstom board in July 2015 (€0.3 billion), the reinvestment at respectively €2.4 billion and €0.7 billion in the joint alliances and General Electric's Signalling business and deal costs of circa €0.3 billion.

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

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

By taking over Alstom's Energy activities, General Electric undertook to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business.

The completion of the transaction was subject to a limited number of conditions precedent, which essentially covered works council consultation, receipt of authorizations required from a regulatory and merger control standpoint, as well as the approval of the transaction by Alstom's shareholders obtained on 19 December 2014.

On 22 October, the last condition precedent was met for assets corresponding to at least 85% of the turnover of all the entities subject to the sale, leading the parties to complete the transaction, consistently with the Master Purchase Agreement. The remainder entities in a limited number of countries would be transferred in successive stages; provided there would be no violation of applicable law to do so and represent a turnover of around €300 million (please refer to Note 27 of the condensed interim consolidated financial statements for the half-year ended 30 September 2015.).

Creation of three alliances

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

- the Grid alliance consisting of a combination of Alstom Grid and General Electric Digital Energy businesses to be held through two joint venture holding companies (Alstom holds a 50%-1 stake in each Joint venture's share capital and voting rights);
- the Renewables alliance consisting of Alstom's hydro, offshore wind and tidal businesses; this alliance also to be held through two joint venture holding companies (Alstom holds a 50%-1 stake in each Joint venture's share capital and voting rights);
- the scope of the Global Nuclear & French Steam alliance includes the production and servicing of the "Arabelle" steam turbine equipment for nuclear power plants worldwide, as well as Alstom's steam turbine equipment and servicing for applications in France. Alstom holds 20%-1 share of the share capital into the joint venture company and has 50%-2 votes of voting rights. The French State holds a preferred share giving it veto and other governance rights over issues relating, inter alia, to security and nuclear plant technology in France.

The investment by Alstom in these alliances amounts to circa €2.4 billion. The future joint venture companies will be accounted for under equity method in Alstom's consolidated financial statements.

Furthermore, Alstom has liquidity rights through a put option on its shares to General Electric with a minimum guaranteed price.

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Acquisition by Alstom of General Electric's signalling business

General Electric is selling to Alstom most of its signalling business for circa €700 million, with 1,200 employees. Both parties signed several collaboration agreements including a service agreement for General Electric locomotives outside of the United States of America, Research and Development, sourcing and manufacturing and commercial support in the United States of America.

Due to the transaction closing date as of 2 November, the Group is not yet in a position to disclose additional information.

Following the closing of this global transaction with General Electric a public share buy-back offer (*offre publique de rachat d'actions*) of €3.2 billion will be submitted to shareholders' approval in a shareholders' meeting which will be called before the year-end.

With this transaction, Alstom is refocused on its Transport activities and on its Energy alliances with General Electric.

1.1.2. Accounting treatment

The Energy activities, classified as held for sale as of 30 September 2014, have been maintained on assets and liabilities held for sale on 30 September 2015 due to on-going transaction process. The underlying assumptions have since been confirmed through the completion of all conditions precedent on 22 October 2015 and the closing of the deal on 2 November 2015.

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

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet;
- the net profit of discontinued operations realized over the six-month period is disclosed by a single amount on the face of the interim consolidated income statement into the line named "Net profit from discontinued operations";
- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the six-month period are disclosed in the interim consolidated statement of cash flows.

At the date of the disposal, the capital gain as well as the related tax impact will be recognized under the line "Net profit from discontinued operations". The disposal value will significantly exceed the carrying value of the net assets held for sale (see Note 27 of the condensed interim consolidated financial statements for the half-year ended 30 September 2015).

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1.2. Solid level of orders and sales, increasing operating income

In compliance with IFRS 5, Thermal Power, Renewable Power and Grid activities have been reported in Alstom's condensed interim consolidated financial statements as discontinued operations; they are therefore not included in Orders received, Sales, Income from Operations and EBIT, and are reported under the "Net profit – discontinued operations" line.

During the first half of fiscal year 2015/16, Alstom booked €3,897 million of orders received, compared to €6,407 million over the same period last year which included the €4 billion PRASA contract in South Africa. On 30 September 2015, the Group had a strong backlog of €27.7 billion, representing 52 months of sales.

Alstom's consolidated sales increased by 8% (4% on an organic basis), at €3,303 million, fuelled by solid performance in Europe and continued growth in emerging countries.

During the first half of fiscal year 2015/16, the income from operations (including corporate costs) grew at €167 million versus €152 million (+10%) for the same period of last year. The operating margin increased from 5.0% in the first half of fiscal year 2014/15 to 5.1%.

Due to separation costs incurred in the frame of the Energy Transaction, to higher financial expenses and to some specific impairment charges, Net profit from Continuing operations (Group share) amounted to €18 million in the first half of fiscal year 2015/16. Net profit from Discontinued operations (Group share) was at €(75) million with the Net profit (Group share) amounting to €(57) million in the first half of fiscal year 2015/16, compared to €255 million for the same period last year.

Impacted by the low level of new orders received and the unfavourable cash profile of some projects during this half year in the Energy businesses, the Group's free cash flow was negative at €(1,336) million compared to €(1,376) million during the first half of fiscal year 2014/15.

The negative free cash flow generated an increase of the Group's net financial debt which stood at €(4,803) million on 30 September 2015 compared to €(3,143) million on 31 March 2015 and €(3,896) million on 30 September 2014.

On 30 September 2015, Alstom had a cash and cash equivalent position of €1,847 million, as well as an undrawn available credit line of €1,350 million. As of 30 September 2015, the Group has fully drawn the facilities amounting to a total of €1,600 million available up to the completion (and subject to the non-cancellation) of the proposed transaction with General Electric, and no later than 1 December 2015.

1.3. Support to Alstom's future development

1.3.1. Research & Development

During the first half of fiscal year 2015/16, Alstom invested €58 million in research and development (excluding capitalisation and amortisation) to develop and provide sustainable solutions at affordable costs including its latest version of the CITADIS™ tramway X05, its predictive maintenance programme and the further development of signalling solution.

Alstom launched, in June 2015, two major innovative urban solutions to help cities solve the economic and environmental challenges they are facing:

- Attractis, a fully integrated tramway system available in a record time at an optimised cost and perfectly designed for fast growing cities with high population density. This turnkey solution is based on Alstom's proven know-how and expertise as it operates CITADIS™, the tramway reference for modern urban solutions, and has the ability to respond to cities' growing mobility needs with an easily extendable capacity, up to 14,000 passengers per hour per direction.

- SRS, a new ground-based static charging system for both tramways and electric buses. SRS is based on the APS proven technology used by CITADIS™ tramways, however, whereas APS supplies power to the tram while it is still running, SRS charges the tram when stopped at stations in less than 20 seconds. In the same time, Alstom also announced the extension of the APS's application to hybrid trucks.

1.3.2. Investments

During the first half of fiscal year 2015/16, Alstom invested € 50 million in capital expenditures (excluding capitalised development costs) to support the development of its position in growing economies and to consolidate its competitive advantage in developed countries.

In France, Alstom inaugurated the installation of its Villeurbanne site in the new building in Carré de Soie district, which hosts the entire population of employees specialised in the design and supply of electrical systems and products for trains and railway signalling.

In the United States of America, Alstom started to assembly its first CITADIS™ Spirit on its Hornell site, currently the largest passenger rail manufacturing facility in North America.

In Brazil, the construction of the CITADIS™ tramway plant in Taubaté was completed.

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1.3.3. Acquisitions and Partnerships

As part of Alstom's signalling growth strategy, the company signed an agreement to buy Balfour Beatty's share of Signalling Solutions Ltd (SSL), a 50-50 joint-venture established in 2007 to provide advanced signalling solutions to the United Kingdom and Ireland's rail sectors. Alstom thus became the sole owner of SSL, which currently employs 540 people in four main locations.

In Algeria, CITAL, the joint-venture (JV) composed of Alstom, EMA (Entreprise du Métro d'Alger) and Ferrovial, announced the prolongation of the Memorandum of Understanding which was signed in December 2014 regarding CITAL's activities extension to the engineering, manufacturing and maintenance of intercity trains for Algeria as well as the entry of SNTF[1] as a new shareholder of the JV.

[1] Société Nationale des Transports Ferroviaires

1.4. Group corporate responsibility

1.4.1. Environment, Health and Safety (EHS)

During the first half of 2015/16, Alstom kept its focus on EHS. The Group maintained its good performance for operations. The Group is also maintaining its effort on the "Alstom Zero Deviation Plan". This programme targets higher-risk activities for employees and contractors in workshops, factories, test facilities and construction sites and will be subject to a comprehensive internal audit programme in the second semester.

Alstom announced its new ambitions on energy efficiency: targeting -20 % for energy consumption of its solutions and -10% for energy intensity of its operations by 2020 versus 2014 baselines.

1.4.2. Corporate Social Responsibility (CSR)

The CSR organisation has developed some action plans to develop several Sustainable Development initiatives across the organization. Communication with rating agencies has been efficient, allowing Alstom to participate into the DJSI[1] World & Europe for the fifth consecutive year.
Alstom Foundation supported over the last semester a batch of projects to help local communities mainly in emerging countries. In the context of the strategic alliance with General Electric, the Board of the Foundation has been renewed to adapt to the future scope of Alstom activities and the selection of new projects has been postponed to January 2016.

[1] Dow Jones Sustainability Index (DJSI)

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2. Consolidated figures

As mentioned in Note 1 of the condensed interim consolidated financial statements, Alstom considers that the conditions for the application of IFRS 5 are met with respect to the plan to sell Energy activities as of 30 September 2015.
The Energy activities classified as held for sale as of 30 September 2014, have been maintained on assets and liabilities held for sale as of 30 September 2015 due to on-going transaction process. The underlying assumptions have since been confirmed through the completion of all conditions precedent on 22 October 2015 and the completion of the deal on 2 November 2015.

For more details on the consequences of the deal on the consolidated financial statements please refer to Note 3 of the condensed interim consolidated financial statements for the half-year ended 30 September 2015.

2.1. Key Group figures

in € million	Half Year ended 30 September 2015	Half Year ended 30 September 2014	% Variation Sept. 15 / Sept. 14	
			Actual	Organic
Order Backlog	27,719	26,933	3%	4%
Orders Received	3,897	6,407	(39%)	(41%)
Sales	3,303	3,056	8%	4%
Income from operations	167	152	10%	2%
Operating Margin	*5.1%*	*5.0%*	2%	
EBIT	101	63	60%	
Net Profit from continuing operations - Group share	18	29	(38%)	
Net Profit from discontinued operations - Group share	(75)	226	NA	
Net Profit - Group share	(57)	255	NA	
Free Cash Flow	(1,336)	(1,376)		
Capital Employed	1,172	2,148		
Net Cash/(Debt)	(4,803)	(3,896)		
Headcount *	86,831	89,868		

* Headcount include both Continuing and Discontinued operations

2.2. Key geographical figures

Total Group Actual figures, in € million (except for Headcount)	Half Year ended 30 September 2015				
	Europe	Americas	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	2,062	834	602	399	**3,897**
% of contrib	*53%*	*21%*	*16%*	*10%*	*100%*
Sales	2,025	501	364	413	**3,303**
% of contrib	*61%*	*15%*	*11%*	*13%*	*100%*
Headcount *	49,359	14,525	18,264	4,683	**86,831**
% of contrib	*57%*	*17%*	*21%*	*5%*	*100%*

Total Group Actual figures, in € million (except for Headcount)	Half Year ended 30 September 2014				
	Europe	Americas	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	803	311	470	4,823	**6,407**
% of contrib	*13%*	*5%*	*7%*	*75%*	*100%*
Sales	2,166	381	197	312	**3,056**
% of contrib	*71%*	*13%*	*6%*	*10%*	*100%*
Headcount *	51,623	15,718	18,104	4,423	**89,868**
% of contrib	*57%*	*18%*	*20%*	*5%*	*100%*

* Headcount include both Continuing and Discontinued operations

2.3. Outlook

As previously indicated, for the medium term, sales are expected to grow at over 5% per year organically and the operating margin should gradually improve within the 5-7% range. Free cash flow is expected to be in line with net income before Energy activities contribution with possible volatility on short periods.

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3. Operational analysis

3.1. Transport

The following table presents key performance indicators for Transport:

Transport			% Variation	
Actual figures	**Half year ended**	**Half year ended**	Sept. 15/ Sept. 14	
in € million	**30 September 2015**	**30 September 2014**	*Actual*	*Organic*
Order backlog	27,649	26,822	*3%*	*4%*
Orders received	3,896	6,404	*(39%)*	*(41%)*
Sales	3,291	3,041	*8%*	*4%*
Income from operations	184	167	*10%*	*3%*
Operating margin	5.6%	5.5%		
EBIT	107	93	*15%*	
Capital Employed	1,908	2,096	*(9%)*	

3.1.1. Orders received

During the first half of fiscal year 2015/16, orders received by Transport reached a solid level of €3,896 million corresponding to a book-to-bill of 1.2. For a comparison purpose, it should be reminded that the level of the same period last year was boosted by a jumbo contract signed in South Africa for around €4 billion. Major orders were recorded in all regions during this first half of fiscal year 2015/16, including a large locomotive maintenance contract booked in Kazakhstan, the supply of a metro system for Panama and the delivery of freight locomotives in Azerbaijan. Additionally, the Sector was awarded large orders for regional trains in France and in Algeria, as well as for metros in India. Concerning the signalling business, Transport won some major contracts, notably to upgrade the signalling systems of several metro lines in Hong Kong, provide a new integrated train control centre in Canada and supply an important train control system for mainline networks in France.

Transport					% Variation	
	Half year ended	% of	**Half year ended**	% of	Sept. 15/ Sept. 14	
Actual figures, in € million	**30 September 2015**	contrib	**30 September 2014**	contrib	*Actual*	*Org.*
Europe	2,061	53%	800	13%	*158%*	*156%*
Americas	834	21%	311	5%	*168%*	*152%*
Asia/Pacific	602	16%	470	7%	*28%*	*24%*
Middle East/Africa	399	10%	4,823	75%	*(92%)*	*(92%)*
Orders by destination	**3,896**	**100%**	**6,404**	**100%**	***(39%)***	***(41%)***

In Europe, orders received reached €2,061 million during the first half of fiscal year 2015/16, more than twice the level of last year, and accounted for 53% of the total orders received by the Sector. The region was notably driven by two large contracts in Eastern Europe to maintain 200 KZ8A and 95 KZ4AT freight locomotives in Kazakhstan and to supply 50 KZ8A freight locomotives to Azerbaijan. In France, Transport will supply 25 additional Regiolis™ regional trains to Rhône-Alpes and Midi-Pyrénées regions, ten additional trains for the RER A line of the suburban Paris network as well as a train control system for mainline networks.

Transport recorded €834 million of orders in Americas during the first half of fiscal year 2015/16, compared to €311 million last year. The Sector was awarded a metro project in Panama including 21 Metropolis™ trainsets and a maintenance contract for locomotives in Mexico. In Canada, a contract was signed to provide a new computer-based integrated train control centre for the Greater Toronto and Hamilton Area.

Orders received in Asia/Pacific increased by 24% on an organic basis at €602 million in the first half of fiscal year 2015/16. A major contract was registered in Hong Kong to upgrade the signalling systems of several metro lines and a metro project was awarded in India to provide metro trainsets and a signalling solution for the new metro network of the city of Lucknow.

During the first half of fiscal year 2015/16, Transport recorded €399 million of orders in Middle East/Africa; during the same period last year, a jumbo contract was signed in South Africa for around €4 billion to supply commuter trains and associated maintenance. The Sector was awarded several contracts in Algeria notably for the delivery of 17 CORADIA™ Polyvalent regional trains as well as for the extension of the Constantine tramway system including infrastructures and signalling. Finally, another important contract was signed in Morocco to supply 50 CITADIS™ trams for the new section of the Casablanca tramway line.

The Transport Sector received the following major orders during the first half of fiscal year 2015/16:

Country	**Description**
Algeria	Supply of 17 CORADIA™ Polyvalent inter-city trains
Algeria	Supply of the integrated system, equipment and signalling solutions for the extension of the Constantine Tramway
Azerbaijan	Supply of 50 KZ8A freight locomotives
Canada	New computer-based integrated train control centre for the Greater Toronto
France	Additional Regiolis (CORADIA™ Polyvalent) trains to French regions
France	Supply of ten additional MI09 double-deck trains for the RER A line in Paris
France	European Train Control System for mainline networks
Hong Kong	Re-signalling and upgrading of the signalling systems of several metro lines
India	Supply of 20 Metropolis™ trainsets and Urbalis signalling solution
Kazakhstan	Locomotives maintenance
Mexico	Locomotives maintenance
Morocco	Supply of 50 CITADIS™ trams for the new section of the Casablanca tramway line
Panama	Supply of an integrated system including 21 Metropolis™ trainsets, Hesop reversible substation and Urbalis signalling solution to equip metro Line 2

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3.1.2. *Sales*

Transport sales reached €3,291 million during the first half of fiscal year 2015/16. On an organic basis, sales traded over the period increased by 4%, driven by continued growth in emerging countries and a solid performance in Europe.

Transport					*% Variation*	
	Half year ended	% of	**Half year ended**	% of	*Sept. 15/ Sept. 14*	
Actual figures, in € million	**30 September 2015**	contrib	**30 September 2014**	contrib	*Actual*	*Org.*
Europe	2,020	62%	2,161	71%	*(7%)*	*(10%)*
Americas	501	15%	381	13%	*31%*	*30%*
Asia/Pacific	364	11%	197	6%	*85%*	*70%*
Middle East/Africa	406	12%	302	10%	*34%*	*25%*
Sales by destination	**3,291**	**100%**	**3,041**	**100%**	***8%***	***4%***

During the first half of fiscal year 2015/16, Transport recorded €2,020 million sales in Europe, down by 10% organically compared to the same period last year which included a high level of deliveries of intercity trains and high-speed trains in Germany and in Poland. During the current period, major milestones were traded on regional, suburban and very high speed trains in France and on a suburban train contract in Italy. Additionally, several maintenance contracts were executed notably for PENDOLINO™ high-speed trains and metro trains in the United Kingdom as well as for suburban trains in Sweden. The region accounted for 62% of the Sector's total sales during the period.

In Americas, Transport's sales amounted to €501 million, a 30% increase on an organic basis compared to last year, driven by the ongoing execution of metro contracts in Venezuela and Argentina as well as the Porto Maravilha tramway line in Brazil. In the United States of America, the Sector traded several rolling stock renovation contracts and spare parts supplies.

In Asia/Pacific, sales increased by 70% on an organic basis, at €364 million in the first half of fiscal year 2015/16. This growth was mainly due to the deliveries of additional metro cars in Singapore as well as optional X'trapolis™ suburban trains in Australia.

In Middle East/Africa, Transport recorded €406 million of sales during the first half of fiscal year 2015/16, 25% above the level of last year on an organic basis. The level of activity was supported by the ramp-up of the PRASA contract in South Africa, the delivery of very-high speed trains to Morocco and progress made on a tramway system in the United Arab Emirates.

3.1.3. *Income from operations and operating margin*

For the first half of fiscal year 2015/16, Transport's income from operations stood at €184 million, a 10% increase compared to the same period last year. The operating margin grew from 5.5% in the first half of fiscal year 2014/15 to 5.6%.

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3.2. Corporate and Others

In order to report relevant financial information, the Group has analysed and allocated Corporate costs (internal and external costs, legal costs…) and liabilities (notably provisions for litigations) between continuing operations and discontinued operations in accordance with agreements negotiated with General Electric.
Moreover, "Corporate and Others" includes some Thermal Power, Renewable Power and Grid units which are not part of the transaction and which do not contribute significantly to the Group results.

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

Corporate & Others **Actual figures** **in € million**	**Half year ended 30 September 2015**	**Half year ended 30 September 2014**
Order backlog	70	111
Orders received	1	3
Sales	12	15
Income from operations	(17)	(15)
EBIT	(6)	(30)
Capital Employed	(736)	52

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3.3. Discontinued operation: Energy transaction

On June 20, 2014, the Board of Directors of Alstom decided to issue a positive recommendation to General Electric's offer to acquire the Thermal Power, Renewable Power and Grid activities, as well as corporate and shared services ("Energy"). The shareholders approved this transaction on 19 December 2014 with a 99.2% majority. This energy activities are reported in Alstom's consolidated financial statements as discontinued activities.

The following table presents some of the key performance indicators of Energy for the half year 2015/16:

Energy Actual figures in € million	**Half year ended 30 September 2015**	**Half year ended 30 September 2014**	*% Variation Sept. 15 / Sept. 14*	
			Actual	*Organic*
Order backlog	26,502	28,823	*(8%)*	*(6%)*
Orders received	5,388	6,379	*(16%)*	*(19%)*
Sales	6,617	6,320	*5%*	*2%*

During the first half of fiscal year 2015/16, Energy orders received amounted to €5,388 million, a decrease of 19% versus last year on a comparable basis. Energy order intake included a contract in the United States of America to supply one steam turbine/one generator and three Heat Recovery Steam Generators (HRSG) and two large Thermal Services orders (one in Japan and the second in Colombia). Energy was also awarded two hydro projects in China and in Latvia, two wind contracts in Brazil and a large High Voltage Direct Current (HVDC) contract to link France and Italy. Finally, Energy got also two large Grid contracts in Saudi Arabia with an extension of a sub-station and the construction of a new 132/33kV sub-station.

Energy received the following major orders during this period:

Country	**Description**
Brazil	Delivery of 54 ECO 110 & 122 Wind Turbines
Brazil	Delivery of 54 ECO 122 Wind Turbines
China	Supply of 6×850MW Francis turbines
Colombia	Long Term Service Agreement O&M
France - Italy	HVDC contract, Voltage Source Convertors 2×600MW
Japan	Gas Turbine Operations & Maintenance (O&M) Service Agreement
Latvia	Retrofit of 6×69MW Kaplan turbines
Saudi Arabia	Construction of a 132/33 kV substation
Saudi Arabia	380kV Madinah East Extension
United States of America	Supply of a steam tail 3-1 (1 Steam Turbine/Generator & 3 HRSGs)

At €6,617 million, sales booked by Energy during the first half of fiscal year 2015/16 increased by 2% on an organic basis compared to the same period of last year.

Note: Specific measurements

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

- Discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, have been measured at the lower of their carrying amount and fair value less costs to sell;
- The exception of IAS 12 consisting in not recognizing mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities have been recognized with an income statement impact presented within the "Net income from discontinued operations";
- Amortization on non-current assets classified as "assets held for sale" has ceased at the date of IFRS 5 application;
- Costs specifically incurred in the context of the deal have been presented in the P&L within the "Net income from discontinued operations".

As central and shared services are part of Energy transaction, the Group has analyzed and allocated Corporate costs (internal and external costs, legal costs…) and liabilities (notably provisions for litigations) between continuing operations and discontinued operations to report relevant financial information.

For more details on the consequences of the deal on the consolidated financial statements please refer to Note 3 to the condensed interim consolidated financial statements for the half-year ended 30 September 2015.

4. Financing Review

4.1. 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.

A reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group **in € million**	**Half year ended 30 September 2015**	**Half year ended 30 September 2014**
Net cash provided by operating activities	**(1,047)**	**(1,065)**
Of which operating flows provided / (used) by discontinued operations	*(1,068)*	*(983)*
Capital expenditure (including capitalized development costs)	(337)	(320)
Proceeds from disposals of tangible and intangible assets	48	9
Free Cash Flow	**(1,336)**	**(1,376)**

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.

During the first half of fiscal year 2015/16, the Group's free cash flow was negative at €(1,336) million compared to €(1,376) million during the same period of the previous year.

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4.2. Net cash/(debt)

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, less financial debt.

The negative free cash flow generated an increase of the Group's net financial debt which stood at €(4,803) million on 30 September 2015.

Total Group **in € million**	**At 30 September 2015**	**At 31 March 2015**
Cash and cash equivalents	1,847	1,599
Marketable securities and other current financial assets	77	61
Financial non-current assets directly associated to financial debt	359	383
less:		
Current financial debt	3,925	1,998
Non current financial debt	3,161	3,188
Net cash/(debt)	**(4,803)**	**(3,143)**

4.3. Liquidity

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

Total Group **in € million**	**Half year ended 30 September 2015**	**Year ended 31 March 2015**
Net cash provided by operating activities before changes in net working capital	82	(421)
Changes in net working capital resulting from operating activities	(1,129)	726
Net cash provided by operating activities	**(1,047)**	**305**
Of which operating flows provided / (used) by discontinued operations	*(1,068)*	*163*
Net cash used in or provided by investing activities	(392)	(213)
Of which investing flows provided / (used) by discontinued operations	*(1,343)*	*593*
Net cash used in financing activities	1,866	(336)
Of which financing flows provided / (used) by discontinued operations	*(825)*	*(193)*
Net (decrease)/increase in cash and cash equivalents	**427**	**(244)**
Cash and cash equivalents at the beginning of the period	1,599	2,276
Net effect of exchange rate variations	(78)	229
Other changes	-	8
Transfer to assets held for sale	(101)	(670)
Cash and cash equivalents at the end of the period	**1,847**	**1,599**

The Group had a cash and cash equivalents at €1,847 million at 30 September 2015 and a confirmed undrawn credit line of €1,350 million.

ALSTOM

4.4. Capital employed

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, 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 non-current provisions and current liabilities excluding current financial debt.

Capital employed by Sector and at Group level are presented in Note 4 to the Condensed Interim Consolidated Financial Statements as of 30 September 2015.

Capital employed is used both for internal analysis purposes as well as 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.

At the end of September 2015, capital employed reached €1,172 million, compared to €857 million at the end of March 2015, mainly due to the change in working capital.

Total Group **in € million**	**At 30 September 2015**	**At 31 March 2015**
Non current assets	3,373	3,356
less deferred tax assets	(715)	(732)
less non-current assets directly associated to financial debt	(359)	(383)
less prepaid pension benefits	(5)	(8)
Capital employed - non current assets **(A)**	2,294	2,233
Current assets	8,225	8,462
less cash & cash equivalents	(1,847)	(1,599)
less marketable securities and other current financial assets	(77)	(61)
Capital employed - current assets **(B)**	6,301	6,802
Current liabilities	11,115	9,893
less current financial debt	(3,925)	(1,998)
plus non current provisions	233	283
Capital employed - liabilities **(C)**	7,423	8,178
Capital employed (A)+(B)-(C)	**1,172**	**857**

5. Organic basis

Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into Euro following the variation of foreign currencies against the Euro.

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 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 the first half of fiscal year 2014/15 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for the first half of 2015/16, as used for preparing the condensed interim Consolidated Financial Statements;
- in order to reflect the same scope of activity, actual figures for the first half of 2014/15 are restated from disposals made during the first half of fiscal year 2015/16 and the first half of fiscal year 2015/16 actual figures are restated from acquisitions made in the first half of fiscal year 2015/16.

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

ALSTOM

in € million	Half year ended 30 September 2014 Actual figures	Exchange rate	Scope impact	Comparable Figures	Half year ended 30 September 2015 Actual figures	Scope Impact	Organic figures	% Var Act. Sept. 15/ Sept. 14	% Var Org Sept. 15/ Sept. 14
Transport	26,822	(288)	(99)	26,435	27,649	(130)	27,519	3%	4%
Corporate & Others	111	(14)	-	97	70	-	70	(37%)	(28%)
Orders backlog	**26,933**	**(302)**	**(99)**	**26,532**	**27,719**	**(130)**	**27,589**	**3%**	**4%**
Transport	6,404	177	-	6,581	3,896	-	3,896	(39%)	(41%)
Corporate & Others	3	1	-	4	1	-	1	(67%)	(75%)
Orders Received	**6,407**	**178**	**-**	**6,585**	**3,897**	**-**	**3,897**	**(39%)**	**(41%)**
Transport	3,041	72	(1)	3,112	3,291	(42)	3,249	8%	4%
Corporate & Others	15	1	-	16	12	-	12	(20%)	(25%)
Sales	**3,056**	**73**	**(1)**	**3,128**	**3,303**	**(42)**	**3,261**	**8%**	**4%**
Transport	167	13	-	180	184	1	185	10%	3%
Corporate & Others	(15)	-	-	(15)	(17)	-	(17)	13%	13%
Income from Operations	**152**	**13**	**-**	**165**	**167**	**1**	**168**	**10%**	**2%**
Transport	5.5%			5.8%	5.6%		5.7%		
Corporate & Others									
Operating margin	**5.0%**			**5.3%**	**5.1%**		**5.2%**		
Sales	3,056	73	(1)	3,128	3,303	(42)	3,261	8%	4%
Cost of sales	(2,599)	(57)	1	(2,654)	(2,835)	42	(2,793)	9%	5%
R&D expenses *(*)*	(59)	-	-	(59)	(58)	-	(58)	(2%)	(2%)
Selling expenses	(94)	(2)	-	(96)	(90)	-	(90)	(4%)	(6%)
Administrative expenses	(152)	(1)	-	(153)	(153)	1	(152)	1%	(1%)
Income from Operations	**152**	**13**	**-**	**165**	**167**	**1**	**168**	**10%**	**2%**

(*) includes the reclassification of sustaining costs from Cost of Sales to Research and Development for respectively €(11) million as of 30 September 2015 and €(9) million as of 30 September 2014

6. Other information

6.1. Risks

Legal risks are described in Note 25 of the Condensed Interim Consolidated Financial Statements as of 30 September 2015. Financial risks (currency, credit, interest rate and liquidity) and their management are described in Note 23 of the Condensed Interim Consolidated Financial Statements as of 30 September 2015 and in Note 27 of the Consolidated Financial Statements as of 31 March 2015 and the other risk factors are described in the Registration Document for the fiscal year 2014/15 filed with the Autorité des Marchés Financiers on 21 May 2015.

6.2. Information related to the parent company

ALSTOM, the Group's parent company, has no industrial or commercial activity and consequently its revenues include mainly fees invoiced to its subsidiaries for the use of the Alstom name, dividends and other financial income.

Net profit amounted to €125 million for the first half of fiscal year 2015/16, compared to €99 million for the first half of fiscal year 2014/15.

6.3. Related parties

During the first semester of fiscal year 2015/16, there was no new significant transaction with related parties. Related parties are presented in Note 26 of the Condensed Interim Consolidated Financial Statements as of 30 September 2015.

Condensed interim consolidated financial statements,
Half-year ended 30 September 2015

INTERIM CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Half-year ended 30 September 2015	Half-year ended 30 September 2014	Year ended 31 March 2015
Sales	**(4)**	**3,303**	**3,056**	**6,163**
Cost of sales*		(2,835)	(2,599)	(5,213)
Research and development expenses**	(5)	(58)	(59)	(136)
Selling expenses		(90)	(94)	(199)
Administrative expenses		(153)	(152)	(297)
Income from operations	**(4)**	**167**	**152**	**318**
Other income	(6)	37	4	4
Other expense	(6)	(103)	(93)	(943)
Earnings before interest and taxes	**(4)**	**101**	**63**	**(621)**
Financial income	(7)	49	71	109
Financial expense	(7)	(135)	(127)	(246)
Pre-tax income		**15**	**7**	**(758)**
Income tax charge	(8)	(2)	(11)	8
Share of net income of equity-accounted investments	(12)	13	39	(64)
Net profit from continuing operations	**(4)**	**26**	**35**	**(814)**
Net profit from discontinued operations	(4)	(74)	228	113
NET PROFIT		**(48)**	**263**	**(701)**
Net profit from continuing operations attributable to:				
- Equity holders of the parent		18	29	(823)
- Non controlling interests		8	6	9
Net profit from discontinued operations attributable to:				
- Equity holders of the parent		(75)	226	104
- Non controlling interests		1	2	9
Earnings per share (in €)				
- Basic earnings per share	(9)	(0.18)	0.82	(2.32)
- Diluted earnings per share	(9)	(0.18)	0.82	(2.31)
Earnings per share (in €)				
- Basic earnings per share from continuing operations	(9)	0.06	0.09	(2.66)
- Diluted earnings per share from continuing operations	(9)	0.06	0.09	(2.65)
Earnings per share (in €)				
- Basic earnings per share from discontinued operations	(9)	(0.24)	0.73	0.34
- Diluted earnings per share from discontinued operations	(9)	(0.24)	0.72	0.33

* Impacts related to first application of IFRIC21 are detailed in Note 2

** includes the reclassification of sustaining costs from Cost of Sales to Research and Development for respectively €(11) million as of 30 September 2015, €(9) million as of 30 September 2014, €(24) million as of 31 March 2015

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Half-year ended		Year ended
(in € million)	**Note**	**30 September 2015**	**30 September 2014**	**31 March 2015**
Net profit recognised in income statement		**(48)**	**263**	**(701)**
Remeasurement of post-employment benefits obligations	(21)	(189)	(183)	(598)
Income tax relating to items that will not be reclassified to profit or loss		43	52	99
Items that will not be reclassified to profit or loss		**(146)**	**(131)**	**(499)**
of which from equity-accounted investments	(12)	-	-	-
Fair value adjustments on available-for-sale assets	(13)	-	20	(1)
Fair value adjustments on cash flow hedge derivatives		7	(3)	(34)
Currency translation adjustments		(298)	171	304
Income tax relating to items that may be reclassified to profit or loss		(2)	1	6
Items that may be reclassified to profit or loss		**(293)**	**189**	**275**
of which from equity-accounted investments	(12)	*(126)*	*99*	*(80)*
Other comprehensive income		**(439)**	**58**	**(224)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(487)**	**321**	**(925)**
Attributable to:				
- Equity holders of the parent		(486)	312	(954)
- Non controlling interests		(1)	9	29

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

INTERIM CONSOLIDATED BALANCE SHEET

(in € million)	Note	At 30 September 2015	At 31 March 2015
Goodwill	(10)	746	688
Intangible assets	(10)	399	444
Property, plant and equipment	(11)	714	656
Investments in joint-ventures and associates	(12)	298	327
Non consolidated investments	(13)	38	36
Other non-current assets	(14)	463	473
Deferred taxes		715	732
Total non-current assets		**3,373**	**3,356**
Inventories	(15)	893	821
Construction contracts in progress, assets	(16)	2,351	2,554
Trade receivables		1,436	1,470
Other current operating assets	(17)	1,621	1,957
Marketable securities and other current financial assets		77	61
Cash and cash equivalents		1,847	1,599
Total current assets		**8,225**	**8,462**
Assets held for sale	(3)	21,693	21,415
TOTAL ASSETS		**33,291**	**33,233**

EQUITY AND LIABILITIES

(in € million)	Note	At 30 September 2015	At 31 March 2015
Equity attributable to the equity holders of the parent	(19)	3,658	4,134
Non controlling interests		86	90
Total equity		**3,744**	**4,224**
Non-current provisions	(20)	233	283
Accrued pension and other employee benefits	(21)	437	461
Non-current borrowings	(22)	2,847	2,847
Non-current obligations under finance leases	(22)	314	341
Deferred taxes		13	11
Total non-current liabilities		**3,844**	**3,943**
Current provisions	(20)	991	1,031
Current borrowings	(22)	3,860	1,947
Current obligations under finance leases	(22)	65	51
Construction contracts in progress, liabilities	(16)	3,179	3,455
Trade payables		1,027	917
Other current operating liabilities	(24)	1,993	2,492
Total current liabilities		**11,115**	**9,893**
Liabilities related to assets held for sale	(3)	14,588	15,173
TOTAL EQUITY AND LIABILITIES		**33,291**	**33,233**

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Half-year ended 30 September 2015	Half-year ended 30 September 2014	Year ended 31 March 2015
Net profit		**(48)**	**263**	**(701)**
Depreciation, amortisation, expense arising from share-based payments and others		267	194	311
Post-employment and other long-term defined employee benefits		(6)	(7)	25
Net (gains)/losses on disposal of assets		22	(278)	(242)
Share of net income (loss) of equity-accounted investments (net of dividends received)	(12)	-	(3)	109
Deferred taxes charged to income statement		(153)	80	77
Net cash provided by operating activities - before changes in working capital		**82**	**249**	**(421)**
Changes in working capital resulting from operating activities (2)	**(18)**	**(1,129)**	**(1,314)**	**726**
Net cash provided by/(used in) operating activities		**(1,047)**	**(1,065)**	**305**
Of which operating flows provided / (used) by discontinued operations (2)		*(1,068)*	*(983)*	*163*
Proceeds from disposals of tangible and intangible assets		48	9	22
Capital expenditure (including capitalised R&D costs)		(337)	(320)	(756)
Increase/(decrease) in other non-current assets		(13)	(31)	(52)
Acquisitions of businesses, net of cash acquired		(26)	(20)	(50)
Disposals of businesses, net of cash sold		(64)	646	623
Net cash provided by/(used in) investing activities		**(392)**	**284**	**(213)**
Of which investing flows provided / (used) by discontinued operations		*(1,343)*	*324*	*593*
Capital increase/(decrease) including non controlling interests		6	12	15
Dividends paid including payments to non controlling interests		(8)	(9)	(10)
Issuances of bonds & notes	(22)	-	-	-
Repayments of bonds & notes issued		-	(722)	(780)
Changes in current and non-current borrowings		1,963	628	471
Changes in obligations under finance leases		(16)	(22)	(39)
Changes in marketable securities and other current financial assets and liabilities		(79)	(28)	7
Net cash provided by/(used in) financing activities		**1,866**	**(141)**	**(336)**
Of which financing flows provided / (used) by discontinued operations		*(825)*	*(366)*	*(193)*
Net increase/(decrease) in cash and cash equivalents		**427**	**(922)**	**(244)**
Cash and cash equivalents at the beginning of the period		1,599	2,276	2,276
Net effect of exchange rate variations		(78)	62	229
Other changes		-	(5)	8
Transfer to assets held for sale		(101)	(384)	(670)
Cash and cash equivalents at the end of the period		**1,847**	**1,027**	**1,599**
Income tax paid		*(162)*	*(173)*	*(249)*
Net of interests paid & received		*(50)*	*(80)*	*(238)*

(in € million)	Half-year ended 30 September 2015	Half-year ended 30 September 2014	Year ended 31 March 2015
Net cash/(debt) variation analysis (1)			
Changes in cash and cash equivalents	427	(922)	(244)
Changes in marketable securities and other current financial assets and liabilities	79	28	(7)
Changes in bonds and notes	-	722	780
Changes in current and non-current borrowings	(1,963)	(628)	(471)
Changes in obligations under finance leases	16	22	39
Transfer to assets held for sale	(470)	(18)	(387)
Net debt of acquired entities at acquisition date and other variations	251	(62)	185
Decrease/(increase) in net debt	(1,660)	(858)	(105)
Net cash/(debt) at the beginning of the period	**(3,143)**	**(3,038)**	**(3,038)**
Net cash/(debt) at the end of the period	**(4,803)**	**(3,896)**	**(3,143)**

(1) The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial assets and non-current financial assets directly associated to liabilities included in financial debt (see Note 14), less financial debt (see Note 22).

(2) Includes the impact of the assigned receivables that were derecognized in the amount of €124 million, as described in Note 3 as at 30 September 2015.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2014	**308,702,146**	**2,161**	**876**	**3,964**	**(1,957)**	**5,044**	**65**	**5,109**
Movements in other comprehensive income	-	-	-	-	57	57	1	58
Net income for the period	-	-	-	255	-	255	8	263
Total comprehensive income	**-**	**-**	**-**	**255**	**57**	**312**	**9**	**321**
Change in controlling interests and others	39	-	-	(2)	18	16	5	21
Dividends paid	-	-	-	-	-	-	(9)	(9)
Issue of ordinary shares under long term incentive plans	676,665	5	1	(3)	-	3	-	3
Recognition of equity settled share-based payments	-	-	-	4	-	4	-	4
At 30 September 2014	**309,378,850**	**2,166**	**877**	**4,218**	**(1,882)**	**5,379**	**70**	**5,449**
At 31 March 2015	**309,792,497**	**2,169**	**879**	**3,257**	**(2,171)**	**4,134**	**90**	**4,224**
Movements in other comprehensive income	-	-	-	-	(429)	(429)	(10)	(439)
Net income for the period	-	-	-	(57)	-	(57)	9	(48)
Total comprehensive income	**-**	**-**	**-**	**(57)**	**(429)**	**(486)**	**(1)**	**(487)**
Change in controlling interests and others	-	-	-	(2)	-	(2)	4	2
Dividends paid	-	-	-	-	-	-	(7)	(7)
Issue of ordinary shares under long term incentive plans	447,249	3	4	(2)	-	5	-	5
Recognition of equity settled share-based payments	-	-	-	7	-	7	-	7
At 30 September 2015	**310,239,746**	**2,172**	**883**	**3,203**	**(2,600)**	**3,658**	**86**	**3,744**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The operational activities of the Group are organized as follow:

- **Transport**

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

- **Energy activities (discontinued activities)**

Thermal Power and Renewable Power provide equipment and services for integrated power plant solutions for a variety of energy sources, including steam, hydro, coal, gas, nuclear steam, wind, and other forms of renewable energy.
Grid offers Transmission & Distribution solutions to support the build-out of the power grid in emerging economies and replacement of aging electrical infrastructure.

The condensed interim consolidated financial statements are presented in euro and have been authorized for issue by the Board of Directors held on 4 November 2015.

Note 1. Major events

1.1 Alstom strategic move

Effective 2 November 2015, Alstom and General Electric have completed the transaction presented hereafter. For further detail on closing, please refer to Note 27 "subsequent events".

1.1.1 Presentation of the transaction between Alstom and General Electric

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

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

The disposal of Energy activities to General Electric simultaneously to the investment by Alstom in three Joint alliances (Grid, Renewables and Global Nuclear & French Steam) and the acquisition of General Electric's Signalling Business lead to a net cash proceed of €7.1 billion. This net cash proceed is consistent with the €12.35 billion price related to the sole sale of Energy activities (including €1.9 billion of cash existing in Energy scope at 31 March 2014), the subsequent adjustments including the commercial agreements signed in December 2014 (leading to an additional consideration of circa €0.4 billion) and the price reduction approved by Alstom board in July 2015 (€0.3 billion), the reinvestment at respectively €2.4 billion and €0.7 billion in the joint alliances and General Electric's Signalling business and deal costs of circa €0.3 billion.

<u>Acquisition by General Electric of the Thermal Power, Renewable Power and Grid activities</u>

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

By taking over Alstom's Energy activities, General Electric undertook to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business.

The completion of the transaction was subject to a limited number of conditions precedent, which essentially covered works council consultation, receipt of authorizations required from a regulatory and merger control standpoint, as well as the approval of the transaction by Alstom's shareholders obtained on 19 December 2014.

On 22 October, the last condition precedent was met for assets corresponding to at least 85% of the turnover of all the entities subject to the sale, leading the parties to complete the transaction, consistently with the Master Purchase Agreement. The remainder entities in a limited number of countries would be transferred in successive stages; provided there would be no violation of applicable law to do so and represent a turnover of around €300 million (please refer to Note 27).

Creation of three alliances

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

- the Grid alliance consisting of a combination of Alstom Grid and General Electric Digital Energy businesses to be held through two joint venture holding companies (Alstom holds a 50%-1 stake in each Joint venture's share capital and voting rights);
- the Renewables alliance consisting of Alstom's hydro, offshore wind and tidal businesses; this alliance also to be held through two joint venture holding companies (Alstom holds a 50%-1 stake in each Joint venture's share capital and voting rights);
- the scope of the Global Nuclear & French Steam alliance includes the production and servicing of the "Arabelle" steam turbine equipment for nuclear power plants worldwide, as well as Alstom's steam turbine equipment and servicing for applications in France. Alstom holds 20%-1 share of the share capital into the joint venture company and has 50%-2 votes of voting rights. The French State holds a preferred share giving it veto and other governance rights over issues relating, inter alia, to security and nuclear plant technology in France.

The investment by Alstom in these alliances amounts to circa €2.4 billion. The future joint venture companies will be accounted for under equity method in Alstom's consolidated financial statements.

Furthermore, Alstom has liquidity rights through a put option on its shares to General Electric with a minimum guaranteed price.

Acquisition by Alstom of General Electric's signalling business

General Electric is selling to Alstom most of its signalling business for circa €700 million, with 1,200 employees. Both parties signed several collaboration agreements including a service agreement for General Electric locomotives outside of the United States of America, Research and Development, sourcing and manufacturing and commercial support in the United States of America.

Due to the transaction closing date as of 2 November, the Group is not yet in a position to disclose additional information.

Following the closing of this global transaction with General Electric a public share buy-back offer (*offre publique de rachat d'actions*) of €3.2 billion will be submitted to shareholders' approval in a shareholders' meeting which will be called before the year-end.

With this transaction, Alstom is refocused on its Transport activities and on its Energy alliances with General Electric.

1.1.2 Accounting treatment

The Energy activities, classified as held for sale as of 30 September 2014, have been maintained on assets and liabilities held for sale on 30 September 2015 due to on-going transaction process. The underlying assumptions have since been confirmed through the completion of all conditions precedent on 22 October 2015 and the closing of the deal on 2 November 2015.

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

- the assets held for sale and the related liabilities are presented separately from other assets and liabilities on specific lines on the balance sheet;
- the net profit of discontinued operations realized over the six-month period is disclosed by a single amount on the face of the interim consolidated income statement into the line named "Net profit from discontinued operations";
- the net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the six-month period are disclosed in the interim consolidated statement of cash flows.

At the date of the disposal, the capital gain as well as the related tax impact will be recognized under the line "Net profit from discontinued operations". The disposal value will significantly exceed the carrying value of the net assets held for sale (see Note 27).

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

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

The transaction was performed for a total consideration of €31 million (comprising a cash payment of €25 million paid on the date of acquisition of control and a potential earn-out of €6 million), for a net equity 100% of €(26) million, as of the acquisition date.

Accordingly, SSL was equity accounted up to the date of acquisition of control and fully consolidated thereafter in accordance with the provisions of IFRS 3R, Business Combinations. Work on the valuation of SSL's assets and liabilities, as required by IFRS 3R, is in progress. The purchase price allocation exercise will be finalized within the 12 months following the acquisition date.

Note 2. Accounting policies

2.1 Basis of preparation of the condensed interim consolidated financial statements

Alstom condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB), endorsed by the European Union and which application was mandatory as at 1 April 2015.
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

Alstom condensed interim consolidated financial statements for the half-year ended 30 September 2015 are presented and have been prepared in accordance with IAS 34, Interim Financial Reporting. The standard provides that condensed interim financial statements do not include all the information required under IFRS for the preparation of annual consolidated financial statements. These condensed interim consolidated financial statements must therefore be read in conjunction with the Group's consolidated financial statements as at 31 March 2015.

The accounting policies and measurement methods used to prepare these condensed interim consolidated financial statements are identical to those applied by the Group at 31 March 2015 and described in Note 2 to the consolidated financial statements for the year ended 31 March 2015, except:

- the specific measurement methods of IAS 34 applied for the preparation of condensed interim consolidated financial statements described in paragraph 2.2;
- new standards and interpretations mandatorily applicable described in paragraph 2.3.

2.2 Specific measurement methods applied for the preparation of condensed interim consolidated financial statements

- **Estimate of tax expense**
  The tax expense is determined by applying the Group's projected effective tax rate for the whole financial year to the pre-tax income of the interim period.

- **Post-employment and other long term employee defined benefits**
  The net liability on post-employment and on other long term employee defined benefits is calculated on a year to date basis, using the latest valuation as at the previous financial year closing date. Adjustments of actuarial assumptions are performed on main contributing areas (euro zone, Switzerland, United Kingdom and the United States of America) if significant fluctuations or one-time events have occurred during the six-month period. The fair value of main plan assets is reviewed at 30 September 2015.

2.3 New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2015

2.3.1. Levies (IFRIC 21)

IFRIC 21, levies provides interpretative guidance on the accounting for an obligation to pay a levy (tax contribution) based on the recognition criteria in IAS 37, Provisions, Contingent Liabilities and Contingent Assets.
This interpretation states that a liability to pay a levy must be recognized only when the obligating event in accordance with the relevant legislation has occurred.

The Group applied, for the first time, IFRIC 21 from 1 April 2015 and the effects as of 30 September 2015 are a reduction of costs of sales of €4 million before tax with €(1) million of income tax associated impact.

For prior periods:

- a reduction of costs of sales of €4 million before tax would have been recognized as of 30 September 2014, together with an associated income tax impact of €(1) million;
- there was no significant impact on the income statement and balance sheet as of 31 March 2015 and no impact on "net cash provided by operating activities" of the cash-flow statement.

2.3.2. Others:

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

The other amendments effective as of 1 April 2015 do not have any material impact on the Group's consolidated financial statements.

2.4 New standards and interpretations not yet mandatorily applicable

2.4.1 New standards and interpretations endorsed by the European Union not yet mandatorily applicable

There is no new standard and interpretations endorsed by the European Union and not yet mandatorily applicable.

2.4.2 New standards and interpretations not yet approved by the European Union

- Financial instruments (IFRS 9);
- Revenue from contracts with customers (IFRS 15);
- Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38);
- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11);
- Annual improvements to IFRSs 2012-2014 Cycle;
- Disclosure initiative (Amendments to IAS 1).

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

Note 3. Assets held for sale and discontinued operations

3.1 The Energy transaction

As mentioned in Note 1, Alstom considers that the conditions for the application of IFRS 5 are met with respect to the plan to sell Energy activities as of 30 September 2015.
The Energy activities classified as held for sale as of 30 September 2014, have been maintained on assets and liabilities held for sale as of 30 September 2015 due to on-going transaction process. The underlying assumptions have since been confirmed through the completion of all conditions precedent on 22 October 2015 and the closing of the deal on 2 November 2015.

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

- discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, have been measured at the lower of their carrying amount and fair value less costs to sell;
- the exception of IAS 12 consisting in not recognizing mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities have been recognized with an income statement impact presented within the "Net income from discontinued operations";
- amortization on non-current assets classified as "assets held for sale" has ceased at the date of IFRS 5 application;
- costs specifically incurred in the context of the deal have been presented in the P&L within the "Net income from discontinued operations".

As central and shared services are part of Energy transaction, the Group has analyzed and allocated Corporate costs (internal and external costs, legal costs…) and liabilities (notably provisions for litigations) between continuing operations and discontinued operations to report relevant financial information.

3.2 Financial statements of discontinued operations

- **Income statement**

	Half-year ended		Year ended
(in € million)	**30 September 2015**	**30 September 2014**	**31 March 2015**
Sales	**6,617**	**6,320**	**13,330**
Pre-tax income	**(68)**	**417**	**454**
Income tax charge	(5)	(191)	(343)
Share of net income of equity-accounted investments	(1)	1	2
NET PROFIT FROM DISCONTINUED OPERATIONS	**(74)**	**228**	**113**

As at 30 September 2015, the IFRS 5 impacts are the following:

- amortization Energy's tangible and intangible assets have been ceased since the date of IFRS 5 application. The amortization expenses would have amounted to €192 million before taxes (€94 million as at 30 September 2014 and €292 million as at 31 March 2015) with €(49) million of tax effect (€(26) million as at 30 September 2014 and €(66) million and 31 March 2015);
- the net interests paid to Alstom Holdings resulting from cash pooling agreements amount to €(41) million (€(38) million and €(76) million as at 30 September 2014 and 31 March 2015 respectively) (see Note 7).

Other impacts specifically linked to the transaction with General Electric in the interim consolidated income statement include:

- the costs specifically incurred in the context of the deal for €(90) million (€(30) million and €(108) million as at 30 September 2014 and 31 March 2015 respectively) ;
- stock options and performance plans conditions acceleration and other compensation.

- **Balance-sheet**

(in € million)	At 30 September 2015	31 March 2015
Goodwill	4,656	4,690
Intangible assets	1,941	1,824
Property, plant and equipment	2,721	2,786
Investments in joint-ventures and associates	79	86
Non consolidated investments	117	118
Other non-current assets	131	127
Deferred taxes	1,138	1,043
Total non-current assets	**10,783**	**10,674**
Inventories	2,503	2,352
Construction contracts in progress, assets	1,736	1,734
Trade receivables	3,142	3,172
Other current operating assets	2,719	2,809
Marketable securities and other current financial assets	39	4
Total current assets	**10,139**	**10,071**
Cash and cash equivalents	**771**	**670**
TOTAL ASSETS HELD FOR SALE	**21,693**	**21,415**

(in € million)	At 30 September 2015	31 March 2015
Non-current provisions	510	491
Accrued pension and other employee benefits	1,921	1,761
Deferred taxes	94	130
Total non-current liabilities (excluding financial debt)	**2,525**	**2,382**
Current provisions	720	695
Construction contracts in progress, liabilities	5,317	5,702
Trade payables	2,969	3,439
Other current operating liabilities	2,717	2,668
Total current liabilities (excluding financial debt)	**11,723**	**12,504**
Financial debt	**340**	**287**
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**14,588**	**15,173**

The disposal value will significantly exceed the carrying value of net assets held for sale.

- **Cash-flow**

(in € million)	Year ended 30 September 2015
Operating flows provided / (used) by discontinued operations	(1,068)
Investing flows provided / (used) by discontinued operations	(1,343)
Financing flows provided / (used) by discontinued operations	(825)

The Group entered into factoring programs to finance trade receivables. Energy subsidiaries transferred trade receivables as at September 2015, among which €124 million were eligible for de-recognition under IAS 39, which were part of the operating flows provided/used by operating activities.

Investing flows include primarily the followings:

- internal investments acquisitions by discontinued entities from continued entities for a total amount of €(1,168) million, and;
- capital expenditure for an amount of €(259) million.

Financing flows include:

- internal dividends for a total amount of €(3,345) million;
- internal flows related to capital increase of discontinued entities performed by continued activities for €2,472 million.

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

- **Contingent liabilities - Commercial obligations**

The total outstanding bonding guarantees related to Energy contracts, issued by banks or insurance companies, amounts to €11.1 billion as at 30 September 2015 (€11.9 billion as at 31 March 2015).

Note 4. Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) - the Group's chief operating decisions maker with the meaning of IFRS 8 - to allocate resources to the segments and assess their performance. Pursuant to IFRS 5, the Energy activities (Thermal Power, Renewable Power, Grid and central and shared services excluding Alstom SA and Alstom Holdings), which are discontinued operations as at 30 September 2015, are no longer reported as operating segments but are presented as "Discontinued Sectors".

4.1 Key indicators by operating segment

For the half-year ended 30 September 2015

(in € million)	Transport	Corporate & Others (1)	Discontinued Sectors	Eliminations	Total
Sales	3,294	12		(3)	3,303
Inter Sector eliminations	(3)	-		3	-
Total Sales	**3,291**	**12**		**-**	**3,303**
Income (loss) from operations	**184**	**(17)**		**-**	**167**
Earnings before interest and taxes	**107**	**(6)**		**-**	**101**
Financial income (expense)					(86)
Income tax					(2)
Share of net income of equity-accounted investments					13
Net profit from continuing operations					**26**
Net profit from discontinued operations (2)			(74)		(74)
NET PROFIT					**(48)**
Capital expenditure	**(78)**	**-**	**(259)**	**-**	**(337)**
Depreciation and amortisation in EBIT	**151**	**1**	**-**	**-**	**152**

(1) Corporate costs were allocated between Discontinued Sectors and Corporate & Others (continuing operations) (see Note 3.1)

(2) See Note 3 “Assets held for sale and discontinued operations”.

For the half-year ended 30 September 2014

(in € million)	Transport	Corporate & Others (1)	Discontinued Sectors	Eliminations	Total
Sales	3,045	15		(4)	3,056
Inter Sector eliminations	(4)	-		4	-
Total Sales	**3,041**	**15**		**-**	**3,056**
Income (loss) from operations	**167**	**(15)**		**-**	**152**
Earnings before interest and taxes	**93**	**(30)**		**-**	**63**
Financial income (expense)					(56)
Income tax					(11)
Share of net income of equity-accounted investments					39
Net profit from continuing operations					**35**
Net profit from discontinued operations (2)			228		228
NET PROFIT					**263**
Capital expenditure	**(65)**	**(1)**	**(254)**	**-**	**(320)**
Depreciation and amortisation in EBIT	**68**	**1**	**96**	**-**	**165**

(1) Corporate costs were allocated between Discontinued Sectors and Corporate & Others (continuing operations) (see Note 3.1)

(2) See Note 3 “Assets held for sale and discontinued operations”.

At 30 September 2015

(in € million)	Transport	Corporate & Others	Total
Segment assets (1)	**7,603**	**992**	**8,595**
Deferred taxes (assets)			715
Prepaid employee defined benefit costs			5
Financial assets			2,283
Assets held for sale (4)			21,693
TOTAL ASSETS			**33,291**
Segment liabilities (2)	**5,695**	**1,728**	**7,423**
Deferred taxes (liabilities)			13
Accrued employee defined benefit costs			437
Financial debt			7,086
Total equity			3,744
Liabilities related to assets held for sale (4)			14,588
TOTAL EQUITY AND LIABILITIES			**33,291**
Capital employed (3)	**1,908**	**(736)**	**1,172**

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

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

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

(4) See Note 3 “Assets held for sale and discontinued operations”.

At 31 March 2015

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

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

4.2 Key indicators by geographic area

Sales by country of destination

	Half-year ended	
(in € million)	**30 September 2015**	**30 September 2014**
Europe	2,025	2,166
of which France	*608*	*617*
Americas	501	381
Asia / Pacific	364	197
Middle East / Africa	413	312
TOTAL GROUP	**3,303**	**3,056**

4.3 Information about major customers

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

Note 5. Research and development expenditure

	Half-year ended	
(in € million)	30 September 2015	30 September 2014
Research and development expenses	**(58)**	**(59)**
Development costs capitalised during the period	(28)	(32)
Amortisation expense of capitalised development costs	28	32
Amortisation of acquired technology	-	-
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**(58)**	**(59)**

During the half-year ended 30 September 2015, the Group invested €58 million in research and development, notably for the development of the Citadis X05 model addressing the growing Light Rail Vehicle (LRV) market with higher modularity, new functionalities and enhanced performances, and the further development of signalling solutions.

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

Note 6. Other income and other expense

	Half-year ended	
(in € million)	30 September 2015	30 September 2014
Capital gains on disposal/Remeasurement of interests previously held	37	4
OTHER INCOME	**37**	**4**
Capital losses on disposal	(1)	(2)
Restructuring costs	(14)	(55)
Impairment losses and other	(88)	(36)
OTHER EXPENSE	**(103)**	**(93)**
OTHER INCOME (EXPENSE)	**(66)**	**(89)**

As at 30 September 2015, other income and other expense represent mainly:

- €37 million of impacts of the remeasurement of the interests previously held in SSL in compliance with IFRS 3 Revised (see Note 1.2);

- €(78) million of non-recurring impairment losses on assets relative to specific product AGV, due to new developments on the range of very high speed trains;
- €(10) million of "other" comprising "separation" costs (carve-out costs between Energy activities and remaining activities), net costs and remeasurement associated with legal proceedings that have arisen outside of the ordinary course of business.

Note 7. Financial income (expense)

	Half-year ended	
(in € million)	**30 September 2015**	**30 September 2014**
Interest income	3	6
Interest expense recharged to the discontinued operations	41	38
Net exchange gain	-	25
Other financial income	5	2
FINANCIAL INCOME	**49**	**71**
Interest expense on borrowings	(87)	(106)
Net financial expense from employee defined benefit plans (see note 21)	(4)	(7)
Net exchange loss	(25)	-
Other financial expense	(19)	(14)
FINANCIAL EXPENSE	**(135)**	**(127)**
FINANCIAL INCOME (EXPENSE) FROM CONTINUING OPERATIONS	**(86)**	**(56)**

As at 30 September 2015:

- Interest income of €3 million represents the remuneration of the Group's cash positions over the period;
- Interest expense recharged to the discontinued operations amounts to €41 million in application of the cash pool agreements (see Note 3);
- Interest expense on borrowings of €(87) million represents the cost of the external gross financial debt of the Group;
- The net financial expense from employee defined benefit plans of €(4) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate;
- Net exchange losses of €(25) million include mainly remeasurement on derivatives and costs of hedge roll-over;
- Other financial expense includes mainly fees and commitment fees paid on bonding facilities, syndicated loans and other financing facilities for €(13) million.

Note 8. Taxation

Income tax charge is recognized based on management's estimate of the projected effective tax rate for the full financial year to the pre-tax income of the interim period and takes into consideration one-off items.

Note 9. Earnings per share

9.1 Earnings

	Half-year ended	
(in € million)	**30 September 2015**	**30 September 2014**
Net Profit attributable to equity holders of the parent :		
- From continuing operations	18	29
- From discontinued operations	(75)	226
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**(57)**	**255**

9.2 Number of shares

	Half-year ended	
	30 September 2015	**30 September 2014**
Weighted average number of ordinary shares used to calculate basic earnings per share (see Note 19)	**309,970,481**	**309,093,553**
Effect of dilutive instruments other than bonds reimbursable with shares:		
- Stock options and performance shares (LTI plan)	1,636,447	2,784,024
- Performance shares (Alstom Sharing plans)	-	-
Weighted average number of ordinary shares used to calculate diluted earnings per share (see Note 19)	**311,606,928**	**311,877,577**

9.3 Earnings per share

	Half-year ended	
(in €)	**30 September 2015**	**30 September 2014**
Basic earnings per share	(0.18)	0.82
Diluted earnings per share	(0.18)	0.82
Basic earnings per share from continuing operations	0.06	0.09
Diluted earnings per share from continuing operations	0.06	0.09
Basic earnings per share from discontinued operations	(0.24)	0.73
Diluted earnings per share from discontinued operations	(0.24)	0.72

Note 10. Goodwill and intangible assets

10.1 Goodwill

(in € million)	At 31 March 2015	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	Assets held for sale	At 30 September 2015
Transport	688	64	-	(6)	-	746
Thermal Power	-	-	-	(21)	21	-
Renewable Power	-	-	-	(2)	2	-
Grid	-	-	(5)	(7)	12	-
GOODWILL	**688**	**64**	**(5)**	**(36)**	**35**	**746**
Of which:						
Gross value	688	64	(5)	(36)	35	746
Impairment	-	-	-	-	-	-

Movements over the period ended 30 September 2015 mainly arose from the preliminary calculation of the Goodwill of SSL after purchase of 50% additional stake for an amount of €64 million.

The impairment test at 31 March 2015 supported the Group's opinion that goodwill was not impaired. At 30 September 2015, the Group considers that the assumptions used to assess the recoverable value of Transport goodwill at 31 March 2015 are not substantially modified.

10.2 Intangible assets

(in € million)	At 31 March 2015	Additions / disposals / amortizations/ impairments	Translation adjustments and other changes	Assets held for sale	At 30 September 2015
Development costs	1,039	128	17	(118)	1,066
Acquired technology	-	-	-	-	-
Other intangible assets	168	11	(9)	37	207
Gross value	**1,207**	**139**	**8**	**(81)**	**1,273**
Development costs	(662)	(102)	(1)	(1)	(766)
Acquired technology	-	-	-	-	-
Other intangible assets	(101)	(7)	36	(36)	(108)
Amortisation and impairment	**(763)**	**(109)**	**35**	**(37)**	**(874)**
Development costs	377	26	16	(119)	300
Acquired technology	-	-	-	-	-
Other intangible assets	67	4	27	1	99
NET VALUE	**444**	**30**	**43**	**(118)**	**399**

Main movements over the period mainly arose from:

- the preliminary purchase price allocation further to the acquisition of the complementary 50% of SSL for an amount of €25 million (see Note 1.2);
- The recognition of an impairment of development costs for an amount of €78 million (see Note 6), as of 30 September 2015.

Note 11. Property, plant and equipment

(in € million)	At 31 March 2015	Acquisitions/ amortisation / impairments	Disposals	Translation adjustments and other changes	Assets held for sale	At 30 September 2015
Land	53	30	(4)	(3)	12	88
Buildings	629	55	(65)	(50)	96	665
Machinery and equipment	719	55	(52)	(136)	125	711
Constructions in progress	53	57	-	(59)	(3)	48
Tools, furniture, fixtures and other	233	21	(27)	15	(5)	237
Gross value	**1,687**	**218**	**(148)**	**(233)**	**225**	**1,749**
Of which gross value attributable to continuing operations	***1,687***	***94***	***(18)***	***(14)***	***-***	***1,749***
Land	(8)	-	-	1	-	(7)
Buildings	(318)	(13)	33	25	(47)	(320)
Machinery and equipment	(526)	(18)	40	86	(108)	(526)
Constructions in progress	(9)	-	-	-	-	(9)
Tools, furniture, fixtures and other	(170)	(7)	23	(14)	(5)	(173)
Amortisation and impairment	**(1,031)**	**(38)**	**96**	**98**	**(160)**	**(1,035)**
Of which amortisation and impairment attributable to continuing operations	***(1,031)***	***(38)***	***16***	***18***	***-***	***(1,035)***
Land	45	30	(4)	(2)	12	81
Buildings	311	42	(32)	(25)	49	345
Machinery and equipment	193	37	(12)	(50)	17	185
Constructions in progress	44	57	-	(59)	(3)	39
Tools, furniture, fixtures and other	63	14	(4)	1	(10)	64
NET VALUE	**656**	**180**	**(52)**	**(135)**	**65**	**714**

Note 12. Investments in Joint Ventures and Associates

Financial information

	Share in equity		Share of net income	
(in € million)	At 30 September 2015	At 31 March 2015	For the half-year ended 30 September 2015	For the half-year ended 30 September 2014
Associates	**288**	**313**	**22**	**30**
Joint ventures	**10**	**14**	**(10)**	**9**
TOTAL	**298**	**327**	**12**	**39**

Movements during the period

(in € million)	At 30 September 2015	At 31 March 2015
Opening balance	**327**	**545**
Share in net income of equity-accounted investments	12	20
Impairment (1)	-	(82)
Share in net income of equity-accounted investments	12	(62)
Dividends	(12)	(47)
Acquisitions	-	19
Changes in consolidation method	12	-
Translation adjustments and other	(49)	(42)
Transfer to assets held for sale	8	(86)
Closing balance	**298**	**327**

(1) At 31 March 2015, impairment relates primarily to The Breakers Investments BV.

Changes in consolidation method relates primarily to SSL (see Note 1.2).

12.1 Investment in associates

		Share in equity		Share of net income	
(in € million)	% ownership	At 30 September 2015	At 31 March 2015	For the half-year ended 30 September 2015	For the half-year ended 30 September 2014
The Breakers Investments B.V.	25%	186	208	11	31
Other		102	105	11	(1)
Associates		**288**	**313**	**22**	**30**

a. Main associates

The Breakers Investments B.V.

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

The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of The Breakers Investments B.V. as of 30 June and 31 December and are established in accordance with IFRS. These financial statements, established in Rubles, were converted to Euros based on the rates used by the Group as of 30 September and 31 March.

Balance sheet

(in € million)	At 30 June 2015	At 31 December 2014	At 30 June 2014
Non-current assets	774	937	1,057
Current assets	871	1,031	1,253
Total assets	**1,645**	**1,968**	**2,310**
Equity-attributable to the owners of the parent company	707	824	966
Equity-attributable to non-controlling interests	161	200	256
Non current liabilities	245	286	215
Current liabilities	532	658	873
Total equity and liabilities	**1,645**	**1,968**	**2,310**

Income statement

(in € million)	Half-year ended 30 June 2015	Year ended 31 December 2014	Half-year ended 30 June 2014
Sales	650	2,466	1,404
Net income from continuing operations	6	173	118
After-tax net income of discontinued operations	-	-	-
Share of non-controlling interests	8	(14)	(11)
Net income attributable to the owners of the parent company	**14**	**159**	**107**
Other comprehensive income	(13)	15	(19)
Total comprehensive income	**(6)**	**188**	**99**

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

Reconciliation on carrying value

(in € million)	At 30 September 2015
Net asset of the Breakers Investments B.V at 30 June	707
Income (loss) forecast for the latest quarter	19
Other variations	2
Net asset of the Breakers Investments B.V. at 30 September	**728**
Equity interest held by the Group	25%
Goodwill	67
Impairment of share in net asset of equity investments	(60)
Other*	(3)
Carrying value of the Group's interests in The Breakers Investments B.V	**186**

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

(in € million)	**At 31 March 2015**
Net asset of the Breakers Investments B.V at 31 December 2013	824
Income (loss) forecast for the latest quarter	(3)
Other variations	0
Net asset of the Breakers Investments B.V. at 31 March	**821**
Equity interest held by the Group	25%
Goodwill	79
Impairment of share in net asset of equity investments	(70)
Other*	(6)
Carrying value of the Group's interests in The Breakers Investments B.V	**208**

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

Reconciliation on net income

(in € million)	**Half-year ended 30 September 2015**
Net income of the Breakers Investments B.V for the half-year ended 30 June	15
Income net adjustment due to the closing date difference	23
Net income of the Breakers Investments B.V for the half-year ended 30 September	**38**
Equity interest held by the Group	25%
Other*	1
Group's share in the net income of The Breakers Investments B.V	**11**

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

(in € million)	**Half-year ended 30 September 2014**
Net income of the Breakers Investments B.V for the half-year ended 30 June	107
Income net adjustment due to the closing date difference	18
Net income of the Breakers Investments B.V for the half-year ended 30 September	**125**
Equity interest held by the Group	25%
Other*	(1)
Group's share in the net income of The Breakers Investments B.V	**31**

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

Dividends

(in € million)	At 30 September 2015	At 31 March 2015
Dividends received	-	35

b. Other associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €67 million as well as other associates which are not significant on an individual basis.
On aggregate, their net carrying value represents €102 million as at 30 September 2015 (€105 million as at 31 March 2015).

12.2 Investment in joint ventures

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

On aggregate, it corresponds to a net carrying value of €10 million as at 30 September 2015 (€14 million as at 31 March 2015).

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

Note 13. Non-consolidated investments

The Group's investment in other equity investments mainly relates to investment funds as well companies that hold PPPs (public-private partnerships) agreements or have entered into concession agreements, typically for an ownership lower than 20%.

On aggregate, it corresponds to a net carrying value of €38 million as at 30 September 2015 (€36 million as at 31 March 2015). This net carrying value is an accurate representation of the fair value.

Movements during the period

(in € million)	At 30 September 2015	At 31 March 2015
Opening balance	36	160
Change in fair value (1)	-	(1)
Acquisitions	2	4
Translation adjustments and other	(1)	(9)
Transfer to assets held for sale (2)	1	(118)
CLOSING BALANCE	38	36

(1) Change included in the Other comprehensive income as fair value adjustments on available-for-sale assets.

(2) Of which BrightSource Energy Investment at 31 March 2015

Note 14. Other non-current assets

(in € million)	At 30 September 2015	At 31 March 2015
Financial non-current assets associated to financial debt (1)	359	383
Long-term loans, deposits and other	104	90
OTHER NON-CURRENT ASSETS	**463**	**473**

(1) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Note 22). They are made up as follows:

- at 30 September 2015, €341 million receivables and €18 million deposit;
- at 31 March 2015, €365 million receivables and €18 million deposit.

Note 15. Inventories

(in € million)	At 30 September 2015	At 31 March 2015
Raw materials and supplies	613	549
Work in progress	257	243
Finished products	118	138
Inventories, gross	**988**	**930**
Raw materials and supplies	(72)	(70)
Work in progress	(4)	(18)
Finished products	(19)	(21)
Write-down	**(95)**	**(109)**
INVENTORIES, NET	**893**	**821**

Note 16. Construction contracts in progress

(in € million)	At 30 September 2015	At 31 March 2015	Variation
Construction contracts in progress, assets	2,351	2,554	(203)
Construction contracts in progress, liabilities	(3,179)	(3,455)	276
CONSTRUCTION CONTRACTS IN PROGRESS	**(828)**	**(901)**	**73**

(in € million)	At 30 September 2015	At 31 March 2015	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	31,438	29,584	1,854
Less progress billings	(30,477)	(28,506)	(1,971)
Construction contracts in progress excluding down payments received from customers	**961**	**1,078**	**(117)**
Down payments received from customers	(1,789)	(1,979)	190
CONSTRUCTION CONTRACTS IN PROGRESS	**(828)**	**(901)**	**73**

Note 17. Other current operating assets

(in € million)	At 30 September 2015	At 31 March 2015
Down payments made to suppliers	77	118
Corporate income tax	165	117
Other taxes	201	248
Prepaid expenses	141	54
Other receivables	156	145
Derivatives relating to operating activities	532	782
Remeasurement of hedged firm commitments in foreign currency	349	493
OTHER CURRENT OPERATING ASSETS	**1,621**	**1,957**

Movements over the period ended 30 September 2015 mainly arose from foreign exchange translation impacts of €(328) million.

Derivatives relating to operating activities have been impacted by the variation in the US dollar, Brazilian Real and Swiss Franc rates.

Note 18. Working capital

18.1 Balance sheet positions

(in € million)	At 30 September 2015	At 31 March 2015	Variation
Inventories	893	821	72
Construction contracts in progress, assets	2,351	2,554	(203)
Trade receivables	1,436	1,470	(34)
Other current operating assets	1,621	1,957	(336)
ASSETS	**6,301**	**6,802**	**(501)**
Non-current provisions	233	283	(50)
Current provisions	991	1,031	(40)
Construction contracts in progress, liabilities	3,179	3,455	(276)
Trade payables	1,027	917	110
Other current operating liabilities	1,993	2,492	(499)
LIABILITIES	**7,423**	**8,178**	**(755)**
WORKING CAPITAL	**(1,122)**	**(1,376)**	**254**

18.2 Analysis of variation in working capital

(in € million)	Half-year ended 30 September 2015
Working capital at the beginning of the period	**(1,376)**
Changes in working capital resulting from operating activities (1)	1,129
Changes in working capital resulting from investing activities (2)	18
Translation adjustments and other changes	(109)
Transfer to assets held for sale	(784)
WORKING CAPITAL AT THE END OF THE PERIOD	**(1,122)**

(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/(used in) investing activities” in the consolidated statement of cash flows

Changes in working capital resulting from operating activities and related to continuing activities represent an increase of € 230 million.

Note 19. Equity

At 30 September 2015, the share capital of Alstom amounts to €2,171,678,222 consisting of 310,239,746 ordinary shares with a par value of €7 each. As at 30 September 2015, the weighted average number of outstanding ordinary shares amounts to 309,970,481 after the dilutive effect of bonds reimbursable in shares “Obligations Remboursables en Actions” and to 311,606,928 after the effect of all dilutive instruments.

During the period ended 30 September 2015:

- No bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into shares. The 78,242 bonds reimbursable in shares outstanding at 30 September 2015 represent 4,913 shares to be issued;
- 96,368 of ordinary shares were issued under long term incentive plans.

The Shareholders' Meeting of Alstom held on 30 June 2015 decided not to distribute dividends.

Note 20. Provisions

(in € million)	At 31 March 2015	Additions	Releases	Applications	Translation adjustments and other	Provisions related to assets held for sale	At 30 September 2015
Warranties	100	96	(40)	(79)	(8)	33	102
Litigations, claims and others	931	244	(141)	(66)	(16)	(63)	889
Current provisions	**1,031**	**340**	**(181)**	**(145)**	**(24)**	**(30)**	**991**
Of which current provisions attributable to continuing operations	***1,031***	***86***	***(69)***	***(48)***	***(8)***	***(1)***	***991***
Tax risks & litigations	106	21	(14)	(9)	(4)	1	101
Restructuring	47	54	(6)	(55)	(4)	1	37
Other non-current provisions	130	68	(30)	(48)	(11)	(14)	95
Non-current provisions	**283**	**143**	**(50)**	**(112)**	**(19)**	**(12)**	**233**
Of which non-current provisions attributable to continuing operations	***283***	***(3)***	***(28)***	***(17)***	***(3)***	***1***	***233***
TOTAL PROVISIONS	**1,314**	**483**	**(231)**	**(257)**	**(43)**	**(42)**	**1,224**

As a reminder, by taking over Alstom's Energy activities, General Electric undertook to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business (this did not apply to the agreement concluded with the US Department Of Justice resulting in a fine of €722 million booked as at 31 March 2015 as current provision in continued operations as detailed in Note 25).

Provisions for litigations, claims and others relate primarily to DOJ.

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

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 unfavorable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts.

Restructuring provisions derive from the adaptation of footprint, mainly in Transport activities, in order to take into account the lower demand in developed countries (Europe, in particular) and the situation of overcapacity faced in certain countries (see Note 6).

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

Note 21. Post-employment and other long-term defined employee benefits

Plans description

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.

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

In the United Kingdom and in Switzerland, main plans relate to discontinued activities and are therefore presented in the "Liabilities related to assets held for sale" line of the balance sheet (see Note 3).

Defined benefit plans for continuing activities are mainly in the United Kingdom, Germany, France and Italy.

In the United Kingdom, three plans provide a pension in the form of an indexed liability.

In Germany, the plans provide coverage for pension, death and disability. In the past, the pension was accrued in the form of an annuity. They were deeply modified for future accruals 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 France and Italy, defined benefit pension plans are mainly end-of-service benefits provided for under the terms of collective bargaining agreements and Group agreements.

Net accrued benefits

(in € million)	At 30 September 2015	At 31 March 2015
Accrued pension and other employee benefit costs	(437)	(461)
Prepaid pension and other employee benefit costs	5	8
NET ACCRUED BENEFITS	**(432)**	**(453)**

Variation of actuarial gains and losses

Actuarial gains and losses and asset ceiling arising from post-employment defined benefit plans recognized in the Other comprehensive income are for the half-year ended 30 September 2015 the following:

- €(191) million actuarial gains and losses generated (of which a €9 million gain for continuing operations),
- €2 million asset ceiling generated (of which €2 million for continuing operations).

Assumptions (weighted average rates)

(in %)	At 30 September 2015*	At 31 March 2015*
Discount rate	3,01	2,80
Rate of compensation increase	3,16	3,17

* Assumptions relate to continuing operations (for the whole Group, at 30 September 2015, the discount rate is 2.78% and the rate of compensation increase is 2.89% and at 31 March 2015, 2.68% and 2.91% respectively)

Actuarial assumptions used vary by country and type of plan. Compensation increase assumptions are determined at business unit level and reviewed centrally.

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

	Half-year ended	
(in € million)	30 September 2015	30 September 2014
Service cost	(9)	(8)
Defined contribution plans	(45)	(46)
Income from operations	**(54)**	**(54)**
Actuarial gains (losses) on other long-term benefits	-	-
Past service gain (cost)	-	-
Curtailments/settlements	-	-
Other income (expense)	**-**	**-**
Financial income (expense)	**(4)**	**(7)**
TOTAL BENEFIT EXPENSE	**(58)**	**(61)**

Note 22. Financial debt

Carrying amount (in € million)	**At 30 September 2015**	**At 31 March 2015**
Bonds	3,838	3,838
Other borrowing facilities	2,734	856
Put options and earn-out on acquired entities	7	2
Derivatives relating to financing activities	35	59
Accrued interests	93	39
Borrowings	**6,707**	**4,794**
Non-current	*2,847*	*2,847*
Current	*3,860*	*1,947*
Obligations under finance leases	38	27
Other obligations under long-term rental	341	365
Obligations under finance leases	**379**	**392**
Non-current	*314*	*341*
Current	*65*	*51*
TOTAL FINANCIAL DEBT	**7,086**	**5,186**

The external financial debt is mainly held by Alstom SA. Hence, it is presented within continuing operations.

Movements on bonds on the period are detailed in Note 23.2.

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

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

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

Other borrowings consist of commercial paper (French "Billets de Trésorerie") and banking facilities notably including those described in Note 23.2 below.

Note 23. Financial instruments and financial risk management

23.1 Financial instruments reported in the financial statements

The main categories of financial assets and financial liabilities of the Group are identical to those identified in the consolidated financial statements at 31 March 2015.

In the normal course of business, 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.

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 maximize hedge effectiveness.

Alstom Holdings is engaged on external derivatives on behalf of its subsidiaries. Most of the hedging instruments are negotiated by Alstom Holdings and are mirrored by hedging agreements between Alstom Holdings and the subsidiaries of the Group concerned. Whenever local regulations prohibit central hedging, and whenever possible, instruments are negotiated directly with local banks.

Upon the sale of the Energy business to General Electric, all the internal and external derivatives related to the Energy businesses have been novated to General Electric.

At 30 September 2015, the fair value of hedging instruments included in the discontinued operations represents a net liability of €78 million (of which a liability of € 162 millions of hedging instruments against Alstom Holdings).

23.2 Liquidity risk management

Financial covenants

In addition to its available cash and cash equivalents, amounting to €2,618 million as at 30 September 2015 (out of which €1,847 million related to continuing operations), the Group had:

- a €1,350 million available Revolving Credit Facility maturing, fully undrawn as at 30 September 2015;
- additional Bridge Facilities amounting to a total of €1,600 million, fully drawn as at 30 September 2015.

These facilities were subject to various financial covenants that had been waived by lenders while the facilities final maturity had been set at the completion of the General Electric transaction.

These covenants stand as follows:

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 Amortization) to net interest expense (excluding interest related to obligations under finance lease).
(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant would apply if the Group is rated “non-investment grade” by both rating agencies, which is not the case at 30 September 2015.
(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA.

Although these covenants are currently waived, Alstom has to provide the lenders under the above facilities with their semi-annual computation as at 30 September 2015, before the reclassifications required by IFRS 5 in the consolidated income statement and the consolidated balance sheet (i.e. considering both continuing operations and discontinued operations within the meaning of IFRS 5). The key Group indicators used to calculate the financial covenants are detailed below:

(in € million)	**Half-year ended 30 September 2015**	**Half-year ended 30 September 2014**
EBITDA (excluding capital gain on disposal)	(21)	1,122
Net interest expense (excluding interests related to obligations under finance leases)	(182)	213
Total net debt	4,498	3,867
INTEREST COVER RATIO	**0.1**	**5.3**
TOTAL NET DEBT LEVERAGE	**(214.2)**	**3.4**

A five years new revolving credit facility amounting to a total of €400 million, with two possible one-year extensions, has been signed and enters into force upon cancellation of the €1,350 million Revolving Credit Facility. It is fully available for drawing.

This new facility is subject to the ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA, measured as from the General Electric Transaction completion, remaining lesser than 2.5.

23.3 Credit risk management

Credit risk is the risk that 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 on its financing activities, including deposits, foreign currency hedging instruments and other financial instruments with banks and financial institutions.

Note 24. Other current operating liabilities

(in € million)	**At 30 September 2015**	**At 31 March 2015**
Staff and associated liabilities	383	419
Corporate income tax	23	32
Other taxes	76	105
Deferred income	130	11
Other payables	352	389
Derivatives relating to operating activities	832	1,360
Remeasurement of hedged firm commitments in foreign currency	197	176
OTHER CURRENT OPERATING LIABILITIES	**1,993**	**2,492**

Movements over the period ended 30 September 2015 mainly arose from foreign exchange translation impacts of €(253) million.

Derivatives relating to operating activities have been impacted by the variation in the US dollar, Brazilian Real and Swiss Franc rates.

Note 25. Contingent liabilities and disputes

25.1 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. In many instances, the bonds issued by banks and insurance companies upon request of group affiliates are counter guaranteed by Alstom Holdings SA.

To issue these bonds, at 30 September 2015, the Group was relying on both uncommitted bilateral lines in numerous countries and a Committed Bonding Guarantee Facility (CBGFA) allowing issuance of instruments up to €9.0 billion.

As at 30 September 2015, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €6.9 billion (€7.0 billion at 31 March 2015).

At 30 September 2015, the available amount under the Committed Bonding Guarantee Facility amounted to €2.5 billion (€2.0 billion at 31 March 2015). The CBGFA was subject to various financial covenants that had been waived by lenders until the completion of the General Electric transaction.

As at 30 September 2015, the total outstanding bonding guarantees related to discontinuing operations, issued by banks or insurance companies, amounted to €11.1 billion.

Upon completion of the General Electric transaction, the bonds issued to support the Energy business have been generally transferred to General Electric, which has taken over the relating parental counter guarantees. For any bonds or counter guarantees relating to the Energy business that would remain in force for various technical reasons, General Electric will counter guarantee these instruments.

A new €3.5 billion Committed Bilateral Bonding Facility Agreement - CBBGFA (the New Facility) has been signed on 4 August 2015 with five banks. The non-Energy part of the former €9 billion CBGFA (the Former Facility) are being transferred to the New Facility or other uncommitted bilateral bonding facilities and no new bonds issuance will be available from the Former Facility.

After the transfer described above, the amount available for new bonds issuance under the New Facility is €1.5 billion.

The key Group indicators used to calculate the financial covenants are detailed in Note 23.2.

Vendor financing

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

At 30 September 2015, guarantees given as part of past vendor financing arrangements concern guarantees given as part of a leasing scheme involving London Underground Limited (Northern Line) and amount to £177 million (€240 million and €244 million at 30 September 2015 and 31 March 2015 respectively).

The £177 million is included in the €341 million amount of "Other obligations under long-term rental" (see Note 22).

25.2 Disputes

As a preliminary remark, it shall be reminded that within the contemplated sale of Alstom's Energy activities to General Electric, General Electric has undertaken to take on all liabilities and risks exclusively or predominantly associated with the said activities. This does not apply however to the agreement with the US Department of Justice dated as of 22 December 2014 which is discussed below.

Disputes in the Group's ordinary course of business

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

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

Other disputes

- **Asbestos**

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

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

- **Alleged anti-competitive activities**

GIS equipment

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

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

The civil action initiated by National Grid in 2008 before the High Court of Justice in London following the 2007 the European Commission decision to obtain damages, ended with a full and final settlement agreed in June 2014. Two other civil actions which started in May and September 2010 are ongoing before national jurisdictions for a global amount of approximately €32 million, excluding interests. In one of these proceedings, a decision in first instance was issued in June 2015 and Alstom was ordered to pay damages claimed in addition to legal interests for €40 million. Alstom has appealed this decision in August 2015.

On 16 September 2013 the Israeli Antitrust Authority issued a decision whereby Alstom and other companies were held liable for alleged anti-competitive arrangement in the GIS equipment Israeli market. No fine will be imposed to Alstom arising out of this decision. Alstom appealed this decision in October 2014. Following the decision, the Israeli state-owned company for the power distribution started a civil action in December 2013 for an amount of ILS 3.8 billion (approximately €870 million) against the members of the alleged anti-competitive arrangement. Alstom has submitted its defense. Two class actions for respective amounts of ILS 2 billion (approximately €450 million) and ILS 2.8 billion (approximately €600 million) have also been initiated against the members of the alleged anti-competitive arrangement for overcharge. One was dismissed in May 2015 (claim of ILS 2 billion). Alstom vigorously contests these procedures on the merits and considers it has good arguments to defend these cases.

Power transformers

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

Transportation activities in Brazil

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

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

- **Alleged illegal payments**

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

With respect to these above mentioned matters, the Group is cooperating with the concerned authorities or institutions. These investigations or procedures may result in criminal sanctions, including fines which may be significant, exclusion of Group subsidiaries from tenders and third-party actions.

In Brazil, assets of two Group's subsidiaries and shares of these entities held by the Group were frozen following a preliminary decision ordered in February 2015 for an amount of BRL 287 million (approximately €65 million) in relation to an ongoing procedure related to an energy project originated in the 1990s. The Prosecutor of the State of Sao Paulo launched in May 2014 an action against a Group's subsidiary in Brazil, along with a number of other companies, for a total amount of approximately €800 million excluding possible damages in connection with a transportation project. The Group's subsidiaries are defending themselves.

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

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

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

- **Lignite-fired station in Maritza**

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

- **Budapest metro**

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

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

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

Also, through arbitration request notified on 29 September 2015, Marubeni Corporation launched proceedings against Alstom Transport SA taken as consortium leader in order to be compensated for the consequences of the termination of the contract with AMD. Alstom Transport SA is rejecting this compensation request and will defend itself accordingly in the proceedings.

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

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

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

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

- **Intercity trains Poland**

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

- **Northern Line - UK**

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

A dispute has arisen between the parties in connection with the method of calculation of rental payments that are due by TLL for equipment on the Northern Line. As a result, adjudication proceedings were initiated by TLL on 11 May 2015. These adjudication proceedings are a fast-track dispute resolution mechanism where either party can ultimately challenge the adjudicator's decision through judicial appeal proceedings. On 29 October 2015, the adjudicator decided in favour of Alstom.

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 26. Related parties

The Group has identified the following related parties:

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

26.1 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 30 September 2015, Bouygues holds 29.19% 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.

26.2 Related-party disclosures

Related party transactions are mainly transactions with associates over which Alstom exercises significant influence or joint ventures over which Alstom exercises joint control. At Group level, transactions with related parties are undertaken at market prices.

	Half-year ended 30 September 2015		At 30 September 2015	
(in € million)	Income	Expenses	Receivables	Liabilities
Joint ventures	27	-	81	1
Associates	1	-	-	-

Note 27. Subsequent events

On November 2, 2015, Alstom and General Electric completed the transaction on Alstom's Energy businesses, as presented in Note 1.

Authorizations required from a regulatory and merger control standpoint have been obtained in main key countries (such as authorizations of the European Commission and the US Authority).
These authorizations representing overall 95% of the turnover of all the entities subject to the sale, allowed the parties to complete the transaction.
The remaining entities are still submitted to authorization in a limited number of countries and will be transferred in successive stages, provided there would be no violation of applicable law to do so.

The Group has already been compensated within the transaction price for those "staggered assets". Accounting wise, these assets will remain accounted for as assets held for sale and will lead to recognition of a debt, while waiting for the precedent condition to be met.

Following this transaction, the Group repaid and cancelled the two main existing Credit Facilities mentioned in Note 23.2. A new €400 million 5-years revolving credit facility entered into force upon cancellation of the existing facilities (see note 23).

In parallel, the bonding facilities have been restructured as mentioned in Note 25.1.

The Group plans to submit the cash return to shareholders to an upcoming shareholders' meeting to decide upon a share buy-back offer (*offre publique de rachat d'actions*) for an amount of € 3.2 billion.

The net impact of the above transaction will be significantly positive for both Alstom's Profit and Loss and Balance Sheet accounts. Due to the transaction closing date as of 2 November, the Group is not yet in a position to disclose an accurate estimate of these financial effects.

Further to the deal, the Group is refocused on its Transport activities and on its Energy alliances and relies on a strong balance sheet.

Note 28. Major companies included in the scope of consolidation

The major companies of the Group are listed below.

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

- **Continuing operations**

Companies	Country	Ownership %	Consolidation Method
Parent company			
ALSTOM SA	France	-	Parent company
Holding companies			
ALSTOM Investment Company Limited	China	100%	Full consolidation
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Power Holdings	France	100%	Full consolidation
ALSTOM T20	France	100%	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	Great Britain	100%	Full consolidation
ALSTOM Spa	Italy	100%	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100%	Full consolidation
ALSTOM Transport China Holding BV	Netherlands	100%	Full consolidation
ALSTOM Southern Africa Holdings (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Espana IB SL	Spain	100%	Full consolidation
ALSTOM Transport Holding US Inc	USA	100%	Full consolidation
Industrial companies			
Alstom Transport Australia Pty Limited	Australia	100%	Full consolidation
ALSTOM Belgium SA	Belgium	100%	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100%	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100%	Full consolidation
CASCO SIGNAL Ltd	China	49%	Equity method
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd	China	60%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Transport UK Limited	Great Britain	100%	Full consolidation
SIGNALLING SOLUTIONS LIMITED	Great Britain	100%	Full consolidation
ALSTOM NL Service Provision Limited	Great Britain	100%	Full consolidation
ALSTOM Transport India Limited	India	100%	Full consolidation
ALSTOM Ferroviaria S.p.A.	Italy	100%	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Transport BV	Netherlands	100%	Full consolidation
The Breakers Investments B.V. (Transmashholding)	Netherlands	25%	Equity method
ALSTOM Transport SA Romania	Romania	93%	Full consolidation
ALSTOM Transport RUS LLC	Russian Federation	100%	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD	South Africa	61%	Full consolidation
ALSTOM Transporte, S.A.	Spain	100%	Full consolidation
ALSTOM Transport AB	Sweden	100%	Full consolidation
ALSTOM Transportation Inc.	USA	100%	Full consolidation
ALSTOM Signalling Inc.	USA	100%	Full consolidation

• Discontinued operations

Companies	Country	Ownership %	Consolidation Method
Holding companies			
ALSTOM Australia Holdings Limited	Australia	100%	Full consolidation
ALSTOM (China) Investment Co., Ltd	China	100%	Full consolidation
Alstom Renewable Holding France	France	100%	Full consolidation
ALSTOM POWER AG	Germany	100%	Full consolidation
ALSTOM UK Holdings Limited	Great Britain	100%	Full consolidation
GRID EQUIPMENTS PRIVATE LIMITED	India	100%	Full consolidation
ALSTOM BV	Netherlands	100%	Full consolidation
ALSTOM Grid Holding BV	Netherlands	100%	Full consolidation
ALSTOM Grid UK BV	Netherlands	100%	Full consolidation
ALSTOM Renewable Holding BV	Netherlands	100%	Full consolidation
Alstom Finance BV	Netherlands	100%	Full consolidation
ALSTOM SA Thermal Holdings (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Inc.	USA	100%	Full consolidation
Industrial companies			
ALSTOM Limited	Australia	100%	Full consolidation
ALSTOM Energias Renovaveis Ltda	Brazil	100%	Full consolidation
ALSTOM Grid Energia Ltda	Brazil	100%	Full consolidation
ALSTOM Power Canada Inc	Canada	100%	Full consolidation
ALSTOM Grid Canada Inc	Canada	100%	Full consolidation
ALSTOM Technical Services (Shanghai) Co., Ltd	China	100%	Full consolidation
ALSTOM Beizhong Power (Beijing) Co., Ltd	China	100%	Full consolidation
ALSTOM Estonia AS	Estonia	100%	Full consolidation
ALSTOM Power Systems	France	100%	Full consolidation
ALSTOM Grid SAS	France	100%	Full consolidation
COGELEX	France	100%	Full consolidation
ALSTOM Power Service	France	100%	Full consolidation
ALSTOM Hydro France	France	100%	Full consolidation
ALSTOM Grid GmbH	Germany	100%	Full consolidation
ALSTOM Power Systems GmbH	Germany	100%	Full consolidation
ALSTOM Ltd	Great Britain	100%	Full consolidation
ALSTOM T&D India Limited	India	75%	Full consolidation
ALSTOM India Limited	India	69%	Full consolidation
ALSTOM Israel Ltd	Israel	100%	Full consolidation
ALSTOM Power Italia S.p.A.	Italy	100%	Full consolidation
ALSTOM Services Sdn Bhd	Malaysia	100%	Full consolidation
ALSTOM Mexicana S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Power S.p.z.o.o	Poland	100%	Full consolidation
ALSTOM S&E Africa (Pty)	South Africa	100%	Full consolidation
ALSTOM Power Service (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Renovables Espana, S.L.	Spain	100%	Full consolidation
ALSTOM Power Sweden Aktiebolag	Sweden	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
ALSTOM Power O & M 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 Power Inc.	USA	100%	Full consolidation
ALSTOM Grid Inc.	USA	100%	Full consolidation
POWER SYSTEMS MFG., LLC	USA	100%	Full consolidation
ALSTOM Boilers US LLC	USA	100%	Full consolidation

Statutory auditor's review report on the interim financial information

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

MAZARS
61, rue Henri Regnault
92400 Courbevoie

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

(Period from 1 April to 30 September 2015)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,
ALSTOM
3 avenue André Malraux
92300 LEVALLOIS-PERRET

In compliance with the assignment entrusted to us by your Shareholder's Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Alstom, for the period from 1 April 2015 to 30 September 2015;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matters set out in the following notes to the condensed interim consolidated financial statements:

Note 1.1 "Alstom strategic move", Note 3 "Assets held for sale and discontinued operations" and Note 27 "Subsequent events" which set out the accounting treatment and impacts of the Group's Energy activities transaction with General Electric.

Note 25.2 " Disputes" which describes ongoing investigations by judicial authorities with respect to alleged illegal payments in certain countries and the fact that, at this stage, the Group is unable to predict their consequences

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 4th November 2015

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Edouard Demarcq

MAZARS

Cédric Haaser

Responsibility statement of the person responsible for the Half-year Financial Report

ALSTOM

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT*

I hereby state that, to my knowledge the condensed consolidated financial statements of ALSTOM (the "Company") for the half-year of fiscal year 15/16, are prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and of all enterprises included in the consolidation perimeter, and that the half year management report included in the consolidation perimeter, and that the half year management report included herein presents a true and fair view of the main events which occurred in the first six months of the fiscal year and their impact on the condensed accounts, as well as the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Saint-Ouen, 4 November 2015

Patrick Kron
Chairman and Chief Executive Officer

**This is a free translation of the statement signed and issued in French Language by the Chairman and Chief Executive Officer of the Company and is provided solely for the convenience of English speaking readers.*