ALSTOM

HALF-YEAR FINANCIAL REPORT
(Half-year ended 30 September 2014)

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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 2014

ALSTOM

MANAGEMENT REPORT

ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
HALF YEAR ENDED 30 SEPTEMBER 2014

The following half-year report shall be read in conjunction with the condensed interim consolidated financial statements for the half-year ended 30 September 2014 and the Company's Registration Document for fiscal year 2013/14 filed with the French Autorité des marchés financiers on 20 May 2014.

1. Main events of half year ended 30 September 2014

1.1. Alstom's strategic moves

1.1.1. The Energy transaction

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

GE would acquire the Thermal Power, Renewable Power and Grid activities as well as central and shared services (legal entities ALSTOM and ALSTOM Holdings would not be disposed) (the "Energy Business") for a committed fixed price of €12.35 billion (the "Transaction"), pursuant to a master agreement (the "Master Agreement") to be entered into between GE and Alstom. By taking over Alstom's Energy activities, GE undertakes to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business. In the context of the Transaction, Alstom would not give any representations and warranties in respect of the Energy Business other than standard and very limited legal representations and warranties and will get indemnified by GE for any liability pertaining to the Energy Business which Alstom may incur after closing of the Transaction. Cross-indemnification and asset reallocation ('wrong pocket') mechanisms have been established to ensure that assets – and liabilities – associated with the Energy activities being sold are indeed transferred to – and assumed by – GE.

The completion of the Transaction is subject to a limited number of conditions precedent, which essentially cover works council consultation, receipt of authorizations required from a regulatory and merger control standpoint. However, once the authorizations relating to entities being sold, which account for at least 85% of the turnover of all the entities subject to the sale, including authorizations in certain key countries, have been obtained, the parties may complete the Transaction, with the remainder to be transferred in successive stages.

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

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

The investment by Alstom in these alliances would amount to approximately € 2.6 billion and would reduce the cash proceeds for the Energy businesses, according to the way in which the joint-ventures will be set up and which has evolved since 20 June 2014. The joint venture companies would be accounted for under equity method in Alstom's consolidated financial statements.

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

On 4 November 2014, on conclusion of the information-consultation procedure with personnel representative bodies, the Board of Directors of the Company approved the signing of the Master Agreement and it is contemplated that Alstom and GE execute the Master Agreement on 4 November 2014.

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

In accordance with the AFEP-Medef code, the Transaction will be submitted for approval to the shareholders during an Extraordinary General Meeting. Bouygues, a 29.3% shareholder of Alstom, has indicated that it will support the recommendation of the the Company's Board of Directors. Closing of the transaction is expected during the first semester 2015.

Should this Transaction be completed, Alstom would refocus on its fully owned Transport activities and on its Energy joint ventures with GE.

Following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the transaction, Alstom considers that the conditions are met for the application of IFRS 5 – *Non-current assets held for sale and discontinued operations* to the Energy activities; in the condensed interim consolidated financial statements, Thermal Power, Renewable Power and Grid activities are reported in the income statement and in the statement of cash flows as discontinued operations.

For more details on the consequences of the deal on the condensed interim consolidated financial statements as well as the adjustments made on data published in the 2013/14 Annual Report, please refer to Note 3 and Note 4 to the condensed interim consolidated financial statements for the half-year ended 30 September 2014.

1.1.2. Disposal of the business auxiliary components

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

The sale of the Auxiliary components business to Triton, a leading European investment firm, was completed on 29 August 2014. The business was sold for an Enterprise Value of around €730 million as part of the non-core asset disposal programme announced by Alstom in November 2013.

The Auxiliary components business being part of Thermal Power, it is part of the planned transaction with GE. As a consequence, the Group presents all impacts regarding this disposal on the line "Net profit from discontinued operations" of the income statement.

1.2. First half of the year characterised by record orders boosted by rail contract in South Africa, record high sales and increasing operating margin

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, sales, Income from Operations and are reported under the "Net income – discontinued operations" line.

During the first half of fiscal year 2014/15, Alstom booked €6,407 million of orders received, more than twice the level of the same period last year on an organic basis. This record performance mainly came from a jumbo contract booked in South Africa for around €4 billion. On 30 September 2014, the Group had a strong backlog of €26.9 billion, representing 53 months of sales.

Alstom's consolidated sales were up by 13% on an organic basis, amounting to €3,056 million, fuelled by deliveries in France, Germany and Italy.

During the first half of fiscal year 2014/15, the income from operations (including corporate costs) grew at €152 million, versus €126 million for the same period last year. The operating margin increased at 5.0% for the first half of fiscal year 2014/15, compared to the 4.7% level of last fiscal year.

Impacted by heavy restructuring costs and high transitory financial expenses, Net profit from Continuing operations (Group share) amounted to €29 million in the first half of fiscal year 2014/15. Net profit from Discontinued operations (Group share) reached €226 million. The Net profit (Group share) amounted to €255 million in the first half of fiscal year 2014/15, compared to €375 million for the same period last year.

Due to lower sales in Energy impacting progress payments and adverse cash profile of some projects over the period, the Group's free cash flow was negative at €(1,376) million compared to €(503) million during the first half of fiscal year 2013/14.

Despite the disposal of the business auxiliary components, the negative free cash flow generated an increase of the Group's net financial debt which stood at €(3,896) million on 30 September 2014 compared to €(3,038)[1] million on 31 March 2014 and €(3,333)[1] million on 30 September 2013.

On 30 September 2014, Alstom had a cash and cash equivalent position of €1,027 million, as well as an undrawn available credit line of €1.350 billion.

[1] Figures have been restated as mentioned in Note 3 to the Condensed Financial Statements "Comparability" following the first application of IFRS 11

1.3. Support to Alstom's future development

1.3.1. Research & Development

During the first half of fiscal year 2014/15, Alstom invested €51 million in research and development (excluding capitalisation and amortisation), notably for the development of the Urbalis™ Fluence signalling solution and the CITADIS™ Spirit light rail vehicle intended to North American market.
In September 2014, Alstom Transport announced several major innovations focusing on three main goals: enhance passenger experience, encourage proximity with its customers and reduce life cycle costs:

- The very latest version of the CITADIS™ tramway enhanced to be more comfortable, spacious and accessible. The CITADIS™ X05 also integrates new technologies which reduce energy consumption and lifecycle costs and enable the particular requirements of cities to be met.

- Atlas 400 and Atlas 500, new solutions to meet the ERTMS[1] standards for rail interoperability. Based on its ten years of expertise, Atlas 400 is specially adapted to low-density routes and reduces the amount of trackside equipment whereas Atlas 500 is designed for high density lines with an increased headway performance. Both are applicable for re-signalling upgrades or new-build projects.

- HealthHub, a new "predictive" maintenance tool using advanced data analytics to predict the remaining useful life of infrastructure and signalling assets. This innovative approach is designed for a move from traditional mileage-based maintenance to condition-based predictive maintenance, thus reducing lifecycle cost and improving equipment availability for the operator.

- A new generation of H3 hybrid shunting locomotives equipped with a 350 kW diesel generator and a battery. This three-axle locomotive consumes far less fuel than conventional vehicles and substantially cuts pollutant emissions.

In May 2014, Alstom had already introduced, jointly with the Association of French Regions (ARF) and SNCF, the new CORADIA™ Polyvalent, as the next-generation regional trains which are gradually entering into service in the French Regions. These trains are designed to combine efficiency, economic performance and environmental protection while suiting each Region's needs. So far, over 200 CORADIA™ Polyvalent trains have been ordered by 12 French Regions.

[1] European Rail Traffic Management System

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1.3.2. Investments

During the first half of fiscal year 2014/15, Alstom Transport invested €34 million in capital expenditures (excluding capitalised development costs) to strengthen its positions in growing markets and modernise its facilities in developed countries.

In South America, the installation of the tramway manufacturing line in Brazil has progressed. In India, the Sector invested in the development of its signalling centre located in Bangalore.

In Europe, Transport invested in the modernisation of its manufacturing facilities, in particular in France, Italy and Germany.

1.3.3. Acquisitions and Partnerships

In South Africa, Alstom Transport entered into a joint venture, Gibela, with local shareholders to deliver one of the biggest projects in rail transport worldwide. Led by Alstom, Gibela will deliver 600 commuter trains to PRASA (Passenger Rail Agency of South Africa) and provide technical support and supply of spare parts over an 18-year period. The company will establish a manufacturing facility in Dunnottar near Johannesburg.

In Russia, the 2ES5 freight locomotive, jointly produced by Alstom and Transmashholding (TMH), obtained the certification, confirming its compliance with Russian mandatory safety norms. In addition, Alstom also signed in July 2014 an important Memorandum of Understanding with Russian Railways (RZD) to conduct railway projects on the international market using their joint expertise.

1.4. Group corporate responsibility

1.4.1. Environment, Health and Safety (EHS)

During the first half of 2014/15, Alstom continued its focus on EHS. The Group showed a good trend in most of the indicators concerning its environmental performance of 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.

1.4.2. Corporate Social Responsibility (CSR)

The CSR organisation has developed some action plans to increase Sustainable Development mind-set among employees and managers. Communication with rating agencies has been efficient, allowing Alstom to maintain the DJSI[1] World & Europe and in the CDLI[2] for French companies, respectively for the fourth and third consecutive years.

Alstom Foundation supported over the last semester a batch of projects to favour access to primary education in emerging countries. In June, the Board of the Foundation approved 20 new projects; among them, some projects focused on access to education have been selected in different countries such as Mexico, India and South Africa.

[1] Dow Jones Sustainability Index (DJSI)

[2] Carbon Disclosure Leadership Index (CDP France report 2014)

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2. Consolidated figures

Following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the Energy transaction, Alstom considers that the conditions are met for the application of IFRS 5 – *Non-current assets held for sale and discontinued operations.* In the condensed interim consolidated financial statements, the activities being disposed are reported in the income statement and in the statement of cash flows as discontinued operations.

For more details on the consequences of the deal on the condensed interim consolidated financial statements as well as the adjustments made on data published in the 2013/14 Annual Report, please refer to Note 3 and Note 4 to the condensed interim consolidated financial statements for the half-year ended 30 September 2014.

2.1. Key Group figures

in € million	**Half Year ended 30 September 2014**	**Half Year ended 30 September 2013 ***	% Variation Sept. 14 / Sept. 13	
			Actual	Organic
Order Backlog	26,933	22,638	19%	17%
Orders Received	6,407	2,741	134%	136%
Sales	3,056	2,702	13%	13%
Income from operations	152	126	21%	17%
Operating Margin	*5.0%*	*4.7%*		
EBIT	63	105	(40%)	
Net Profit from continuing operations - Group share	29	105	(72%)	
Net Profit from discontinued operations - Group share	226	270	(16%)	
Net Profit - Group share	255	375	(32%)	
Free Cash Flow - Group	(1,376)	(503)		
Capital Employed	2,148	NA		
Net Cash/(Debt)	(3,896)	(3,333)		
Headcount **	89,868	93,460		

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

** Headcount are Group figures

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2.2. Key geographical figures

Total Group	**Half year ended 30 September 2014**				
Actual figures, in € million	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%*	*17%*	*20%*	*5%*	*100%*

Total Group	**Half year ended 30 September 2013***				
Actual figures, in € million	Europe	Americas	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	1,526	745	177	293	**2,741**
% of contrib	*56%*	*27%*	*6%*	*11%*	*100%*
Sales	1,887	381	227	207	**2,702**
% of contrib	*70%*	*14%*	*8%*	*8%*	*100%*
Headcount **	53,613	16,382	19,205	4,260	**93,460**
% of contrib	*57%*	*17%*	*21%*	*5%*	*100%*

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

** Headcount are Group figures

2.3. Outlook

Over the current year, Alstom’s sales are expected to grow at a high single digit and the operating margin (after corporate costs) to exceed 5%. Free cash flow from continued operations (before tax and financial cash-out) should be positive over the full-year.

Group global free cash flow is expected to be significantly positive in the second half.

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.

3. Operational analysis

3.1. Transport

The following table presents key performance indicators for Transport:

Transport Actual figures in € million	Half year ended 30 September 2014	Half year ended 30 September 2013*	% Variation Sept. 14 / Sept. 13 Actual	 Organic
Order backlog	26,822	22,571	*19%*	*17%*
Orders received	6,404	2,738	*134%*	*136%*
Sales	3,041	2,683	*13%*	*14%*
Income from operations	167	144	*16%*	*13%*
Operating margin	5.5%	5.4%		
EBIT	93	131	*(29%)*	
Capital Employed	2,096	1,957**	*7%*	

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

3.1.1. Orders received

Orders received by Transport during the first half of fiscal year 2014/15 increased by 136% on an organic basis compared to the same period of last fiscal year, at €6,404 million. This record high performance was fuelled by a contract signed with PRASA in South Africa for around €4 billion.

Additionally, orders were boosted by a strong demand for urban transportation including large tramway contracts in Qatar and in Algeria as well as a large one in Australia to deliver fully-automated METROPOLIS™ train sets to the city of Sydney. Finally, signalling business was active as Transport won a contract to supply signalling equipment and the associated maintenance for Spain's new north-west high speed line.

Transport Actual figures, in € million	Half yeard ended 30 September 2014	% of contrib	Half yeard ended 30 September 2013*	% of contrib	% Variation Sept. 14 / Sept. 13 Actual	 Org.
Europe	800	13%	1,523	56%	*(47%)*	*(48%)*
Americas	311	5%	745	27%	*(58%)*	*(57%)*
Asia/Pacific	470	7%	177	6%	*166%*	*175%*
Middle East/Africa	4,823	75%	293	11%	*1,546%*	*1,540%*
Orders by destination	**6,404**	**100%**	**2,738**	**100%**	***134%***	***136%***

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

At €800 million, Europe accounted for 13% of the orders received by Transport in the first half of fiscal year 2014/15, including a large contract awarded in Spain to supply a signalling system and the associated maintenance for the country's new north-west high-speed line. In France, SNCF exercised an option for the delivery of additional CITADIS DUALIS™ for the Ile-de-France region. Additionally, Transport was chosen to provide an ERTMS security system for 450 trains in Belgium and was awarded a contract to overhaul a fleet of PENDOLINO™ trains in Italy. Orders received during the same period last year included an option for very high speed trains and contracts for intercity trains and tramways in France.

Orders received in Americas decreased by 57% on an organic basis at €311 million in the first half of fiscal year 2014/15. A large re-signalling contract in Canada was registered meanwhile, during the same period last year, orders received were mainly driven by a major long-term maintenance contract for CITADIS™ Spirit light rail trains in Ottawa. In addition, Latin America was driven by maintenance and renovation contracts signed in Chile, Brazil and Panama.

In Asia/Pacific, orders received increased by 175% on an organic basis, at €470 million in the first half of fiscal year 2014/15. The Sector notably signed a major contract in Australia to supply the city of Sydney with 22 fully-automated METROPOLIS™ trainsets as well as signalling equipment. Transport was also awarded a contract in India to supply metro cars to the city of Kochi and a number of signalling and traction contracts in China.

Middle East/Africa accounted for 75% of the Sector's total orders received in the first half of fiscal year 2014/15 with €4,823 million recorded. It includes the jumbo rail contract awarded by PRASA in South Africa to supply X'TRAPOLIS Mega™ commuter trains as well as the technical support and supply of spare parts over an 18-year period. In addition, Transport signed a large contract in Qatar to supply the city of Lusail with a fully integrated tramway system including 35 CITADIS™ vehicles. In Algeria, the Sector was selected for the supply of a tramway system for the city of Setif.

The Transport Sector received the following major orders during the first half of fiscal year 2014/15:

Country	Description
Algeria	Tramway system for Setif
Australia	Supply of 22 six-car fully-automated METROPOLIS™ trainsets and the CBTC (Communications Based Train Control) signalling system
Belgium	ERTMS security system for 449 trains
Canada	Toronto Union Station re-signalling
France	Supply of 15 CITADIS DUALIS™ for the Ile-de-France region
India	Supply of 144 metro cars to the city of Kochi
Italy	Overhaul of a fleet of PENDOLINO™ trains
South Africa	Supply of 600 X'TRAPOLIS Mega™ commuter trains (3,600 cars) over a period of 10 years and the associated maintenance for a period of 18 years
Spain	Supply its ERTMS Level 2 signalling system and the associated maintenance for a period of 20 years for Spain's new north-west high-speed line
Qatar	Design, manufacturing, commissioning and servicing of 35 CITADIS™ tramways, power supply equipment, signaling and trackworks

3.1.2. Sales

Transport sales reached €3,041 million during the first half of fiscal year 2014/15. On an organic basis, sales increased by 14%, supported by the execution of the large contracts booked in Germany and Italy over the last two financial years, and by the growth in Middle East/Africa.

Transport					*% Variation*	
	Half yeard ended	% of	**Half yeard ended**	% of	*Sept. 14 / Sept. 13*	
Actual figures, in € million	**30 September 2014**	contrib	**30 September 2013***	contrib	*Actual*	*Org.*
Europe	2,161	71%	1,882	70%	*15%*	*14%*
Americas	381	13%	368	14%	*4%*	*7%*
Asia/Pacific	197	6%	227	8%	*(13%)*	*(12%)*
Middle East/Africa	302	10%	206	8%	*47%*	*48%*
Sales by destination	**3,041**	**100%**	**2,683**	**100%**	***13%***	***14%***

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

During the first half of fiscal year 2014/15, Transport sales in Europe reached €2,161 million, an increase of 14% on an organic basis, mainly due to progress made on intercity trains, suburban trains and very high speed trains contracts booked in France, Germany and Italy during the last two years. Major milestones were also traded on a large maintenance contract for PENDOLINO™ high-speed trains in the United Kingdom, high-speed trains were delivered in Poland and locomotives were traded in Kazakhstan. The region accounted for 71% of the Sector's sales during the period.

In Americas, Transport's sales amounted to €381 million, sustained by the supply of parts and signalling products in the United States of America and by metro deliveries in Canada. Sales in Latin America increased notably with the delivery of metro trainsets to the cities of Porto Alegre and Rio de Janeiro in Brazil, and the progress on metro systems for Venezuela and Panama.

In Asia/Pacific, Transport recorded €197 million of sales during fiscal year 2014/15, 12% below the level of last year on an organic basis. The level of activity was sustained in China and in East Asia, and production of X'TRAPOLIS™ trains for Australia ramped up, meanwhile sales of the first half of fiscal year 2013/14 were boosted by the progress made on the Chennai metro contract in India.

Driven by the delivery of very-high speed trains to Morocco, CITADIS™ tramways to United Arab Emirates and by the first milestones of the Riyadh metro contract, sales in Middle East/Africa reached €302 million, a 48% increase compared to the first half of fiscal year 2013/14, representing 10% of the Sector's sales during the first half of fiscal year 2014/15.

3.1.3. Income from operations and operating margin

Transport's income from operations was €167 million for the first half of fiscal year 2014/15, 16% above the level of the same period last fiscal year. Operating margin slightly increased from 5.4% to 5.5% thanks to the volume growth and the progressive implementation of the performance plan "d2e", partly offset by ramp up costs in new platforms.

3.2. Corporate and Others

Corporate and Others comprise corporate costs which are not part of the transaction with General Electric as well as some Thermal Power, Renewable Power and Grid units which are not part of the transaction and which contribute not significantly to the Group results.
Moreover, in order to present relevant financial information, the Group has done a preliminary allocation of the Corporate costs (external costs, legal costs…) and liabilities (provisions for litigations) between continuing operations and discontinued operations in accordance with agreements negotiated with GE which will be finalized during the closing of the transaction.

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

New Corporate & Others **in € million**	**Half year ended 30 September 2014**	**Half year ended 30 September 2013***
Order backlog	111	67
Orders received	3	3
Sales	15	19
Income from operations	(15)	(18)
EBIT	(30)	(26)
Capital Employed	52	NA

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

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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"). This Energy transaction is reported in Alstom's condensed interim consolidated financial statements as a discontinued operation.

The following table presents the key performance indicators of Energy for the half year 2014/15:

Energy Actual figures in € million	**Half year ended 30 September 2014**	**Half year ended 30 September 2013***	*% Variation Sept. 14 / Sept. 13* Actual	Organic
Order backlog	28,823	27,786	*4%*	*4%*
Orders received	6,379	6,537	*(2%)*	*0%*
Sales	6,320	6,925	*(9%)*	*(6%)*
Income from operations	438	556	*(21%)*	*(37%)*
Operating margin	6.9%	8.0%		
EBIT	526	499	*5%*	
Capital Employed	6,931	NA		

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

During the first half of fiscal year 2014/15, Energy recorded €6,379 million of orders received, stable compared to the level of last year on an organic basis. Energy orders were fuelled by a contract signed in Mexico for the supply and maintenance of a GT24™ turbine, the booking of several contracts in Brazil for the delivery of wind turbines and by large HVDC contracts in Asia and North America.

Energy received the following major orders during this period:

Country	**Description**
Brazil	Supply of 4x175 MW Hydro turbines
Brazil	Delivery of 127 ECO 100, ECO 110 & ECO 122 Wind Turbines
Canada	Turnkey contract for an HVDC solution
India	Phase 2 of 800 kV Champa–Kurukshetra UHVDC link
Mexico	Supply, operation and maintenance of a GT24™ turbine
South Korea	HVDC Line Commutated Converter (LCC)
Turkey	Supply of 2x660 MW Boiler and Turbine Generator

Sales booked by Energy during the first half of fiscal year 2014/15 decreased by 6% on an organic basis compared to the same period of last year, reaching €6,320 million. Despite the ramp up of the execution of wind contracts in Brazil, Energy was impacted by low bookings in previous period.
Lower sales and some one-offs in wind impacted the Energy's income from operations, which reached €438 million compared to €556 million during the same period last year. The operating margin stood at 6.9% versus 8.0% 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 recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities have been recognised with an income statement impact presented within the "Net income from discontinued operations";
- Amortisation 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".

The current accounting impacts of the planned Energy transaction are based on the GE offer and related agreements and reflect management current best estimate. They will be finalized as part of the transaction closing, expected to occur in 2015 first semester.

For more details on the consequences of the deal on the condensed interim consolidated financial statements as well as the adjustments made on data published in the 2013/14 Annual Report, please refer to Note 3 and Note 4 to the condensed interim consolidated financial statements for the half-year ended 30 September 2014.

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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 2014**	**Half year ended 30 September 2013***
Net cash provided by operating activities	**(1,065)**	**(153)**
Of which operating flows provided / (used) by discontinued operations	*(983)*	*(178)*
Capital expenditure (including capitalized development costs)	(320)	(360)
Proceeds from disposals of tangible and intangible assets	9	10
Free Cash Flow	**(1,376)**	**(503)**

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

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.

Due to lower sales in Energy impacting progress payments and adverse cash profile of some projects over the period, the free cash flow stood at €(1,376) million.

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.

Despite the disposal of the business auxiliary components, the negative free cash flow generated an increase of the Group's net financial debt which stood at €(3,896) million on 30 September 2014.

Total Group in € million	At 30 September 2014	At 31 March 2014*
Cash and cash equivalents	1,027	2,276
Marketable securities and other current financial assets	52	26
Financial non-current assets directly associated to financial debt	373	364
less:		
Current financial debt	1,181	1,297
Non current financial debt	4,167	4,407
Net cash/(debt)	**(3,896)**	**(3,038)**

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

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 2014	Year ended 31 March 2014*
Net cash provided by operating activities before changes in net working capital	249	923
Changes in net working capital resulting from operating activities	(1,314)	(302)
Net cash provided by operating activities	**(1,065)**	**621**
Of which operating flows provided / (used) by discontinued operations	*(983)*	*415*
Net cash used in or provided by investing activities	284	(879)
Of which investing flows provided / (used) by discontinued operations	*324*	*(645)*
Net cash used in financing activities	(141)	551
Of which financing flows provided / (used) by discontinued operations	*(366)*	*63*
Net (decrease)/increase in cash and cash equivalents	**(922)**	**293**
Cash and cash equivalents at the beginning of the period	2,276	2,147
Net effect of exchange rate variations	62	(142)
Other changes	(5)	(22)
Transfer to assets held for sale	(384)	
Cash and cash equivalents at the end of the period	**1,027**	**2,276**

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

The Group had a cash and cash equivalents at €1,027 million at 30 September 2014 and a confirmed undrawn credit line of €1.35 billion.

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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 5 to the Condensed Interim Consolidated Financial Statements as of 30 September 2014.

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 2014, capital employed reached €2,148 million, compared to €7,886 million at the end of March 2014, mainly due to IFRS 5 impacts and change in working capital.

Total Group **in € million**	**At 30 September 2014**	**At 31 March 2014***
Non current assets	3,421	13,152
less deferred tax assets	(648)	(1,647)
less non-current assets directly associated to financial debt	(373)	(364)
less prepaid pension benefits	(20)	(22)
Capital employed - non current assets **(A)**	2,380	11,119
Current assets	7,322	16,808
less cash & cash equivalents	(1,027)	(2,276)
less marketable securities and other current financial assets	(52)	(26)
Capital employed - current assets **(B)**	6,243	14,506
Current liabilities	7,421	18,326
less current financial debt	(1,181)	(1,297)
plus non current provisions	235	710
Capital employed - liabilities **(C)**	6,475	17,739
Capital employed (A)+(B)-(C)	**2,148**	**7,886**

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

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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 2013/14 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for the first half of 2014/15, as used for preparing the Consolidated Financial Statements;
- in order to reflect the same scope of activity, actual figures for the first half of 2013/14 are restated from disposals made during the first half of fiscal year 2014/15 and the first half of fiscal year 2014/15 actual figures are restated from acquisitions made in the first half of fiscal year 2014/15.

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

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in € million	Half year ended 30 September 2013 * Actual figures	Exchange rate	Scope impact	Comparable Figures	Half year ended 30 September 2014 Actual figures	Scope Impact	Organic figures	% Var Act. Sept. 14 / Sept. 13	% Var Org Sept. 14 / Sept. 13
Transport	22,571	294	1	22,866	26,822		26,822	19%	17%
Corporate & Others	67	1	-	68	111		111	66%	63%
Orders backlog	**22,638**	**295**	**1**	**22,934**	**26,933**		**26,933**	**19%**	**17%**
Transport	2,738	(23)	1	2,716	6,404		6,404	134%	136%
Corporate & Others	3	(1)	-	2	3		3	0%	50%
Orders Received	**2,741**	**(24)**	**1**	**2,718**	**6,407**		**6,407**	**134%**	**136%**
Transport	2,683	(7)	1	2,677	3,041		3,041	13%	14%
Corporate & Others	19	(2)		17	15		15	(21%)	(12%)
Sales	**2,702**	**(9)**	**1**	**2,694**	**3,056**		**3,056**	**13%**	**13%**
Transport	144	4	-	148	167		167	16%	13%
Corporate & Others	(18)	-	-	(18)	(15)		(15)	(17%)	(17%)
Income from Operations	**126**	**4**	**-**	**130**	**152**	**-**	**152**	**21%**	**17%**
Transport	5.4%			5.5%	5.5%		5.5%		
Corporate & Others									
Operating margin	**4.7%**			**4.8%**	**5.0%**		**5.0%**		
Sales	2,702	(9)	1	2,694	3,056	-	3,056	13%	13%
Cost of sales	(2,245)	11	1	(2,233)	(2,607)	-	(2,607)	16%	17%
R&D expenses	(62)	-	-	(62)	(51)		(51)	(18%)	(18%)
Selling expenses	(101)	1	(1)	(101)	(94)		(94)	(7%)	(7%)
Administrative expenses	(168)	1	(1)	(168)	(152)		(152)	(10%)	(10%)
Income from Operations	**126**	**4**	**-**	**130**	**152**	**-**	**152**	**21%**	**17%**

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

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6. Other information

6.1. Risks

Legal risks are described in Note 26 of the Condensed Interim Consolidated Financial Statements as of 30 September 2014. Financial risks (currency, credit, interest rate and liquidity) and their management are described in Note 24 of the Condensed Interim Consolidated Financial Statements as of 30 September 2014 and in Note 26 of the Consolidated Interim Financial Statements as of 31 March 2014 and the other risk factors are described in the Registration document for the fiscal year 2013/14 filed with the Autorité des marchés financiers on 20 May 2014.

In the United States of America, the U.S. Department of Justice (DoJ) began in 2010 investigations on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act. The Group is working diligently with the DoJ to answer questions and produce documents associated with the projects which are in the scope of the DoJ investigations in order to address any possible improper conduct. There are indications that settlement discussions could occur in the near term. However, at this stage, the Group is unable to predict their consequences and notably the level of fines it may receive.

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 €99 million for the first half of fiscal year 2014/15, compared to €30 million for the first half of fiscal year 2013/14.

6.3. Related parties

During the first semester of fiscal year 2014/15, there was no new significant transaction with related parties. Related parties are presented in Note 27 of the Condensed Interim Consolidated Financial Statements as of 30 September 2014.

Condensed interim consolidated financial statements
Half-year ended 30 September 2014

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INTERIM CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Half-year ended 30 September 2014	Half-year ended 30 September 2013*	Year ended 31 March 2014*
Sales	**(5)**	**3,056**	**2,702**	**5,726**
Cost of sales		(2,607)	(2,245)	(4,804)
Research and development expenses	(6)	(51)	(62)	(122)
Selling expenses		(94)	(101)	(204)
Administrative expenses		(152)	(168)	(328)
Income from operations	**(5)**	**152**	**126**	**268**
Other income	(7)	4	-	-
Other expense	(7)	(93)	(21)	(106)
Earnings before interest and taxes	**(5)**	**63**	**105**	**162**
Financial income	(8)	71	42	64
Financial expense	(8)	(127)	(111)	(223)
Pre-tax income		**7**	**36**	**3**
Income tax charge	(9)	(11)	30	94
Share of net income of equity-accounted investments	(13)	39	41	70
Net profit from continuing operations	**(5)**	**35**	**107**	**167**
Net profit from discontinued operations	(5)	228	274	399
NET PROFIT		**263**	**381**	**566**
Net profit from continuing operations attributable to:				
- Equity holders of the parent		29	105	160
- Non controlling interests		6	2	7
Net profit from discontinued operations attributable to:				
- Equity holders of the parent		226	270	396
- Non controlling interests		2	4	3
Earnings per share (in €)				
- Basic earnings per share	(10)	0.82	1.22	1.80
- Diluted earnings per share	(10)	0.82	1.20	1.78
Earnings per share (in €)				
- Basic earnings per share from continuing operations	(10)	0.09	0.34	0.52
- Diluted earnings per share from continuing operations	(10)	0.09	0.34	0.51
Earnings per share (in €)				
- Basic earnings per share from discontinued operations	(10)	0.73	0.88	1.28
- Diluted earnings per share from discontinued operations	(10)	0.72	0.87	1.27

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Half-year ended		Year ended
(in € million)	**Note**	**30 September 2014**	**30 September 2013***	**31 March 2014***
Net profit recognised in income statement		**263**	**381**	**566**
Remeasurement of post-employment benefits obligations	(22)	(183)	143	107
Income tax relating to items that will not be reclassified to profit or loss		52	(58)	(54)
Items that will not be reclassified to profit or loss		**(131)**	**85**	**53**
of which from equity-accounted investments		-	-	-
Fair value adjustments on available-for-sale assets		20	-	(15)
Fair value adjustments on cash flow hedge derivatives		(3)	(2)	(1)
Currency translation adjustments		171	(250)	(326)
Income tax relating to items that may be reclassified to profit or loss		1	-	4
Items that may be reclassified to profit or loss		**189**	**(252)**	**(338)**
of which from equity-accounted investments		-	*(36)*	*(69)*
Other comprehensive income		**58**	**(167)**	**(285)**
of which attributable to discontinued operations		*42*	*(102)*	*(165)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**321**	**214**	**281**
Attributable to:				
- Equity holders of the parent		312	223	285
- Non controlling interests		9	(9)	(4)

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

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

INTERIM CONSOLIDATED BALANCE SHEET

ASSETS

(in € million)	Note	At 30 September 2014	At 31 March 2014*
Goodwill	(11)	679	5,269
Intangible assets	(11)	452	2,053
Property, plant and equipment	(12)	641	2,968
Investments in joint-ventures and associates	(13)	489	545
Non consolidated investments	(14)	57	160
Other non-current assets	(15)	455	510
Deferred taxes		648	1,647
Total non-current assets		**3,421**	**13,152**
Inventories	(16)	852	2,972
Construction contracts in progress, assets	(17)	2,397	3,951
Trade receivables		1,541	4,450
Other current operating assets	(18)	1,453	3,133
Marketable securities and other current financial assets		52	26
Cash and cash equivalents		1,027	2,276
Total current assets		**7,322**	**16,808**
Assets held for sale	(4)	22,474	293
TOTAL ASSETS		**33,217**	**30,253**

EQUITY AND LIABILITIES

(in € million)	Note	At 30 September 2014	At 31 March 2014*
Equity attributable to the equity holders of the parent	(20)	5,379	5,044
Non controlling interests		70	65
Total equity		**5,449**	**5,109**
Non-current provisions	(21)	235	710
Accrued pension and other employee benefits	(22)	379	1,525
Non-current borrowings	(23)	3,842	4,009
Non-current obligations under finance leases	(23)	325	398
Deferred taxes		12	176
Total non-current liabilities		**4,793**	**6,818**
Current provisions	(21)	319	1,191
Current borrowings	(23)	1,121	1,250
Current obligations under finance leases	(23)	60	47
Construction contracts in progress, liabilities	(17)	3,234	8,426
Trade payables		1,102	3,819
Other current operating liabilities	(25)	1,585	3,593
Total current liabilities		**7,421**	**18,326**
Liabilities related to assets held for sale	(4)	15,554	-
TOTAL EQUITY AND LIABILITIES		**33,217**	**30,253**

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Half-year ended		Year ended
		30 September	30 September	
(in € million)	Note	2014	2013*	31 March 2014*
Net profit		**263**	**381**	**566**
Depreciation, amortisation, expense arising from share-based payments and others		194	332	565
Post-employment and other long-term defined employee benefits		(7)	(3)	(17)
Net (gains)/losses on disposal of assets		(278)	(17)	(23)
Share of net income (loss) of equity-accounted investments (net of dividends received)	(13)	(3)	(13)	(6)
Deferred taxes charged to income statement		80	(72)	(162)
Net cash provided by operating activities - before changes in working capital		**249**	**608**	**923**
Changes in working capital resulting from operating activities	**(19)**	**(1,314)**	**(761)**	**(302)**
Net cash provided by/(used in) operating activities		**(1,065)**	**(153)**	**621**
Of which operating flows provided / (used) by discontinued operations		*(983)*	*(178)*	*415*
Proceeds from disposals of tangible and intangible assets		9	10	32
Capital expenditure (including capitalised R&D costs)		(320)	(360)	(811)
Increase/(decrease) in other non-current assets		(31)	13	(1)
Acquisitions of businesses, net of cash acquired		(20)	(54)	(116)
Disposals of businesses, net of cash sold		646	31	17
Net cash provided by/(used in) investing activities		**284**	**(360)**	**(879)**
Of which investing flows provided / (used) by discontinued operations		*324*	*(267)*	*(645)*
Capital increase/(decrease) including non controlling interests		12	1	35
Dividends paid including payments to non controlling interests		(9)	(268)	(267)
Issuances of bonds & notes	(23)	-	500	500
Repayments of bonds & notes issued		(722)	(21)	(26)
Changes in current and non-current borrowings		628	68	332
Changes in obligations under finance leases		(22)	(18)	(38)
Changes in marketable securities and other current financial assets and liabilities		(28)	18	15
Net cash provided by/(used in) financing activities		**(141)**	**280**	**551**
Of which financing flows provided / (used) by discontinued operations		*(366)*	*(14)*	*63*
Net increase/(decrease) in cash and cash equivalents		**(922)**	**(233)**	**293**
Cash and cash equivalents at the beginning of the period		2,276	2,147	2,147
Net effect of exchange rate variations		62	(105)	(142)
Other changes		(5)	(23)	(22)
Transfer to assets held for sale		(384)	-	-
Cash and cash equivalents at the end of the period		**1,027**	**1,786**	**2,276**
Income tax paid		*(173)*	*(143)*	*(262)*
Net of interests paid & received		*(80)*	*(48)*	*(202)*

	Half-year ended		Year ended
	30 September	30 September	
(in € million)	2014	2013*	31 March 2014*
Net cash/(debt) variation analysis (1)			
Changes in cash and cash equivalents	(922)	(233)	293
Changes in marketable securities and other current financial assets and liabilities	28	(18)	(15)
Changes in bonds and notes	722	(479)	(474)
Changes in current and non-current borrowings	(628)	(68)	(332)
Changes in obligations under finance leases	22	18	38
Transfer to assets held for sale	(18)	-	-
Net debt of acquired entities at acquisition date and other variations	(62)	(177)	(163)
Decrease/(increase) in net debt	(858)	(957)	(653)
Net cash/(debt) at the beginning of the period	**(3,038)**	**(2,376)**	**(2,385)**
Net cash/(debt) at the end of the period	**(3,896)**	**(3,333)**	**(3,038)**

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

(1) The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial assets and non-current financial assets directly associated to liabilities included in financial debt (see Note 15), less financial debt (see Note 23).

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

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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 2013	**308,158,126**	**2,157**	**875**	**3,648**	**(1,686)**	**4,994**	**93**	**5,087**
Movements in other comprehensive income	-	-	-	-	(152)	(152)	(15)	(167)
Net income for the period	-	-	-	375	-	375	6	381
Total comprehensive income	**-**	**-**	**-**	**375**	**(152)**	**223**	**(9)**	**214**
Change in controlling interests and others	16	-	-	(4)	-	(4)	(32)	(36)
Dividends paid	-	-	-	(259)	-	(259)	(9)	(268)
Issue of ordinary shares under long term incentive plans	473,593	3	-	(3)	-	-	-	-
Recognition of equity settled share-based payments	-	-	-	7	-	7	-	7
At 30 September 2013	**308,631,735**	**2,160**	**875**	**3,764**	**(1,838)**	**4,961**	**43**	**5,004**
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 (1)	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**

(1) Following the sale of the Auxiliary components business, € (18) million of other comprehensive income on pensions have been reclassified in Retained earnings and € (16) million of consolidated translation adjustment have been reclassified in the income statement.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The operational activities of the Group are organised as follow:

- **Transport**

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

- **Thermal Power**

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

- **Renewable Power**

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

- **Grid**

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

The condensed interim consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 4 November 2014.

Note 1. Major event: Alstom strategic move

1.1 Presentation of the GE offer

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

GE would acquire the Thermal Power, Renewable Power and Grid activities as well as central and shared services (legal entities ALSTOM and ALSTOM Holdings would not be disposed) (the "Energy Business") for a committed fixed price of €12.35 billion (the "Transaction"), pursuant to a master agreement (the "Master Agreement") to be entered into between GE and Alstom. By taking over Alstom's Energy activities, GE undertakes to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business. In the context of the Transaction, Alstom would not give any representations and warranties in respect of the Energy Business other than standard and very limited legal representations and warranties and will get indemnified by GE for any liability pertaining to the Energy Business which Alstom may incur after closing of the Transaction.Cross-indemnification and asset reallocation ('wrong pocket') mechanisms have been established to ensure that assets – and liabilities – associated with the Energy activities being sold are indeed transferred to – and assumed by – GE.

The completion of the Transaction is subject to a limited number of conditions precedent, which essentially cover works council consultation, receipt of authorizations required from a regulatory and merger control standpoint. However, once the authorizations relating to entities being sold, which account for at least 85% of the turnover of all the entities subject to the sale, including authorizations in certain key countries, have been obtained, the parties may complete the Transaction, with the remainder to be transferred in successive stages.

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

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

would hold 20%-1 share of the share capital into the joint venture company and would have 50%-2 votes of voting rights. The French State would hold a preferred share giving it veto and other governance rights over issues relating, *inter alia*, to security and nuclear plant technology in France.

The investment by Alstom in these alliances would amount to approximately € 2.6 billion and would reduce the cash proceeds for the Energy businesses, according to the way in which the joint-ventures will be set up and which has evolved since 20 June 2014. The joint venture companies would be accounted for under equity method in Alstom's consolidated financial statements.

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

1.2 Process

On 4 November 2014, on conclusion of the information-consultation procedure with personnel representative bodies, the Board of Directors of the Company approved the signing of the Master Agreement and it is contemplated that Alstom and GE execute the Master Agreement on 4 November 2014.

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

In accordance with the AFEP-Medef code, the Transaction will be submitted for approval to the shareholders during an Extraordinary General Meeting. Bouygues, a 29.3% shareholder of Alstom, has indicated that it will support the recommendation of the the Company's Board of Directors. Closing of the transaction is expected during the first semester 2015.

Should this Transaction be completed, Alstom would refocus on its fully owned Transport activities and on its Energy joint ventures with GE.

1.3 Accounting treatment

On 20 June 2014, the Board of Directors of Alstom has unanimously decided to issue a positive recommendation on GE's offer and obtained the consent of the French government subject to the finalization of deal documentation, notably the joint venture agreements. Following the different decisions and approvals obtained, and taking into consideration the expected effective closing of the transaction, Alstom considers that the conditions are met for the application to the Energy activities of IFRS 5 – Non-current assets held for sale and discontinued operations. In the condensed 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 6-month period is disclosed by a single amount on the face of the consolidated income statement into the line named "Net income from discontinued operations". The income statement of comparative periods is re-presented in accordance with IFRS 5 and as detailed in Note 3 "Comparability";
- The net cash flows attributable to the operating, investing and financing activities of discontinued operation realized over the 6-month period are disclosed in the interim consolidated statement of cash flows.

The capital gain on disposal will be calculated as the difference between the selling price and the carrying value of the net assets as recorded in Alstom's consolidated financial statements at the date of the disposal of the activities. At this date, the capital gain will be recognised under the line "Net income from discontinued operations".

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

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 of 1 April 2014.
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 2014 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 2014.

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 2014 and described in Note 2 to the consolidated financial statements for the year ended 31 March 2014, except:

- The specific measurement methods of IAS 34 applied for the preparation of condensed interim consolidated financial statements described in paragraph 2.2; and
- 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 2014.

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

New consolidation standards:

- **Consolidated statements (IFRS 10):**

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

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

- **Disclosure of interests in other entities (IFRS 12):**
  IFRS 12 covers all the disclosures required when an investor has an interest in any of the followings: subsidiaries, joint arrangements, associates and/or non-consolidated structured entities, regardless of the level of control or influence over the entity.
  This standard will be implemented for the first time during the preparation of the consolidated financial statements as at 31 March 2015. At 30 September 2014, some of the information required by the standard are provided in the notes to enable a proper understanding of the interim financial statements (Note 13).

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

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

Others:

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

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

2.4 New standards and interpretations not yet mandatorily applicable

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

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

This interpretation will be applied retrospectively and its impact is currently being analysed.

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

- Financial instruments:
  - Classification and measurement of financial assets (IFRS 9)
  - Mandatory effective date and transition guidance (amendments to IFRS 9 and IFRS 7)
  - Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39;
- Revenue from contracts with customers (IFRS 15): the standard will be applicable for annual periods beginning after 1 January 2017;
- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38);
- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11).

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

Note 3. Comparability

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

As mentioned in Note 1, the Energy activities are reported as “discontinued operations” in Alstom interim consolidated financial statements. In accordance with IFRS 5, the net income from the Energy activities (discontinued operations) has been presented on a separate line of the income statement of the comparative periods.

3.2 First time application of IFRS 11, Joint arrangements

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

- Joint arrangements for which an investor has rights to the assets and obligations for the liabilities are classified as joint operations. Each party recognised the assets, liabilities, revenue and expense related to its interests in the joint operation. A joint operation may be conducted under a separate vehicle or not;
- Joint arrangements for which an investor has rights to the net assets are classified as joint ventures and accounted for using the equity method (proportionate consolidation is no longer allowed).

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

3.3 Impacts on consolidated financial statements

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

CONSOLIDATED INCOME STATEMENT RESTATED

	Half-year ended 30 September 2013				Year ended 31 March 2014			
(in € million)	Published	IFRS 11 Impacts	IFRS 5 Impacts	Restated	Published	IFRS 11 Impacts	IFRS 5 Impacts	Restated
Sales	**9,730**	**(103)**	**(6,925)**	**2,702**	**20,269**	**(211)**	**(14,332)**	**5,726**
Cost of sales	(7,721)	82	5,394	(2,245)	(16,213)	173	11,236	(4,804)
Research and development expenses	(359)	5	292	(62)	(733)	11	600	(122)
Selling expenses	(493)	2	390	(101)	(966)	4	758	(204)
Administrative expenses	(462)	1	293	(168)	(933)	3	602	(328)
Income from operations	**695**	**(13)**	**(556)**	**126**	**1,424**	**(20)**	**(1,136)**	**268**
Other income	19	-	(19)	-	27	-	(27)	-
Other expense	(97)	-	76	(21)	(443)	(1)	338	(106)
Earnings before interest and taxes	**617**	**(13)**	**(499)**	**105**	**1,008**	**(21)**	**(825)**	**162**
Financial income	16	(1)	27	42	28	(2)	38	64
Financial expense	(156)	-	45	(111)	(336)	(1)	114	(223)
Pre-tax income	**477**	**(14)**	**(427)**	**36**	**700**	**(24)**	**(673)**	**3**
Income tax charge	(103)	2	131	30	(163)	4	253	94
Share of net income of equity-accounted investments	7	12	22	41	29	20	21	70
Net profit from continuing operations	**381**	**-**	**(274)**	**107**	**566**	**-**	**(399)**	**167**
Net profit from discontinued operations	-	-	274	274	-	-	399	399
NET PROFIT	**381**	**-**	**-**	**381**	**566**	**-**	**-**	**566**
Net profit from continuing operations attributable to:								
- Equity holders of the parent	375	-	(270)	105	556	-	(396)	160
- Non controlling interests	6	-	(4)	2	10	-	(3)	7
Net profit from discontinued operations attributable to:								
- Equity holders of the parent	-	-	270	270	-	-	396	396
- Non controlling interests	-	-	4	4	-	-	3	3
Earnings per share (in €)								
- Basic earnings per share	1.22	-	(0.00)	1.22	1.80	-	0.00	1.80
- Diluted earnings per share	1.20	-	0.00	1.20	1.78	-	0.00	1.78
Earnings per share (in €)								
- Basic earnings per share from continuing operations	1.22	-	(0.88)	0.34	1.80	-	(1.28)	0.52
- Diluted earnings per share from continuing operations	1.20	-	(0.86)	0.34	1.78	-	(1.27)	0.51
Earnings per share (in €)								
- Basic earnings per share from discontinued operations	-	-	0.88	0.88	-	-	1.28	1.28
- Diluted earnings per share from discontinued operations	-	-	0.87	0.87	-	-	1.27	1.27

STATEMENT OF COMPREHENSIVE INCOME RESTATED

	Half-year ended 30 September 2013				Year ended 31 March 2014			
(in € million)	Published	IFRS 11 Impacts	IFRS 5 Impacts	Restated	Published	IFRS 11 Impacts	IFRS 5 Impacts	Restated
Net profit recognised in income statement	**381**	**-**	**-**	**381**	**566**	**-**	**-**	**566**
Remeasurement of post-employment benefits obligations	143	-	-	143	107	-	-	107
Income tax relating to items that will not be reclassified to profit or loss	(58)	-	-	(58)	(54)	-	-	(54)
Items that will not be reclassified to profit or loss	**85**	**-**	**-**	**85**	**53**	**-**	**-**	**53**
of which from equity-accounted investments	-	-	-	-	-	-	-	-
Fair value adjustments on available-for-sale assets	-	-	-	-	(15)	-	-	(15)
Fair value adjustments on cash flow hedge derivatives	(2)	-	-	(2)	(1)	-	-	(1)
Currency translation adjustments	(250)	-	-	(250)	(326)	-	-	(326)
Income tax relating to items that may be reclassified to profit or loss	-	-	-	-	4	-	-	4
Items that may be reclassified to profit or loss	**(252)**	**-**	**-**	**(252)**	**(338)**	**-**	**-**	**(338)**
of which from equity-accounted investments	*(32)*	*(4)*	-	*(36)*	*(62)*	*(7)*	-	*(69)*
Other comprehensive income	**(167)**	**-**	**-**	**(167)**	**(285)**	**-**	**-**	**(285)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**214**	**-**	**-**	**214**	**281**	**-**	**-**	**281**
Attributable to:								
- Equity holders of the parent	223	-	-	223	285	-	-	285
- Non controlling interests	(9)	-	-	(9)	(4)	-	-	(4)

CONSOLIDATED BALANCE SHEET RESTATED

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

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

ALSTOM

CONSOLIDATED STATEMENT OF CASH FLOWS RESTATED

	Half-year ended 30 September 2013			Year ended 31 March 2014		
(in € million)	**Published**	**IFRS 11 Impacts**	**Restated**	**Published**	**IFRS 11 Impacts**	**Restated**
Net profit	**381**	**-**	**381**	**566**	**-**	**566**
Depreciation, amortisation, expense arising from share-based payments and others	336	(4)	332	569	(4)	565
Post-employment and other long-term defined employee benefits	(3)	-	(3)	(17)	-	(17)
Net (gains)/losses on disposal of assets	(17)	-	(17)	(23)	-	(23)
Share of net income of equity-accounted investments (net of dividends received)	(6)	(7)	(13)	7	(13)	(6)
Deferred taxes charged to income statement	(73)	1	(72)	(163)	1	(162)
Net cash provided by operating activities - before changes in working capital	**618**	**(10)**	**608**	**939**	**(16)**	**923**
Changes in working capital resulting from operating activities	**(767)**	**6**	**(761)**	**(300)**	**(2)**	**(302)**
Net cash provided by/(used in) operating activities	**(149)**	**(4)**	**(153)**	**639**	**(18)**	**621**
Proceeds from disposals of tangible and intangible assets	10	-	10	34	(2)	32
Capital expenditure (including capitalised R&D costs)	(372)	12	(360)	(844)	33	(811)
Increase/(decrease) in other non-current assets	15	(2)	13	(9)	8	(1)
Acquisitions of businesses, net of cash acquired	(41)	(13)	(54)	(105)	(11)	(116)
Disposals of businesses, net of cash sold	31	-	31	17	-	17
Net cash provided by/(used in) investing activities	**(357)**	**(3)**	**(360)**	**(907)**	**28**	**(879)**
Capital increase/(decrease) including non controlling interests	2	(1)	1	36	(1)	35
Dividends paid including payments to non controlling interests	(268)	-	(268)	(267)	-	(267)
Changes in ownership interests with no gain/loss of control	-	-	-	-	-	-
Issuances of bonds & notes	500	-	500	500	-	500
Repayments of bonds & notes issued	(21)	-	(21)	(26)	-	(26)
Changes in current and non-current borrowings	68	-	68	346	(14)	332
Changes in obligations under finance leases	(18)	-	(18)	(38)	-	(38)
Changes in marketable securities and other current financial assets and liabilities	17	1	18	13	2	15
Net cash provided by/(used in) financing activities	**280**	**-**	**280**	**564**	**(13)**	**551**
Net increase/(decrease) in cash and cash equivalents	**(226)**	**(7)**	**(233)**	**296**	**(3)**	**293**
Cash and cash equivalents at the beginning of the period	2,195	(48)	2,147	2,195	(48)	2,147
Net effect of exchange rate variations	(109)	4	(105)	(148)	6	(142)
Other changes	(24)	1	(23)	(23)	1	(22)
Cash and cash equivalents at the end of the period	**1,836**	**(50)**	**1,786**	**2,320**	**(44)**	**2,276**
Income tax paid	*(144)*	*1*	*(143)*	*(266)*	*4*	*(262)*
Net of interests paid & received	*(48)*	*-*	*(48)*	*(202)*	*-*	*(202)*

Note 4. Assets held for sale and discontinued operations

4.1 The planned 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.

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 recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities have been recognised with an income statement impact presented within the "Net income from discontinued operations";
- Amortisation 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 far as central and shared services are part of Energy transaction, the Group has analysed and allocated Corporate costs (external costs, legal costs…) and liabilities (provisions for litigations) between continuing operations and discontinued operations to report relevant financial information.

The current accounting impacts of the planned Energy transaction are based on the GE offer and related agreements, and reflect management current best estimate. They will be finalized as part of the transaction closing, expected to occur in 2015 first semester.

4.2 Sale of the Auxiliary components business

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

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

The gain on sale represents € 274 million before taxes (€ 184 million after taxes) and is recorded on the "Net profit from discontinued operations" in the income statement as of 30 September 2014. The Auxiliary components business being part of Thermal Power, the Group presents all impacts regarding this disposal (gain on sale, costs) on the line "Net profit from discontinued operations" of the income statement.

4.3 Financial statements of discontinued operations

- **Income statement**

(in € million)	Half-year ended 30 September 2014	Half-year ended 30 September 2013*	Year ended 31 March 2014*
Sales	**6,320**	**6,925**	**14,332**
Income from operations	**438**	**556**	**1,136**
Earnings before interest and taxes	**526**	**499**	**825**
Financial income	(107)	(72)	(152)
Pre-tax income	**419**	**427**	**673**
Income tax charge	(191)	(131)	(253)
Share of net income of equity-accounted investments	-	(22)	(21)
NET PROFIT FROM DISCONTINUED OPERATIONS	**228**	**274**	**399**

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

At 30 September 2014, the IFRS 5 impacts are the following:

- Alstom ceased the amortisation of Energy's tangible and intangible assets at the date of IFRS 5 application (€ 94 million before taxes and € (26) million of tax effect);
- the costs specifically incurred in the context of the deal recognised in Earnings before interest and taxes line amount to €(30) million;
- the financial result includes € (38) million of net interests paid to Alstom Holdings resulting from cash pooling agreements (€ (26) million as at 30 September 2013 and € (49) million as at 31 March 2014) (see Note 8);
- the income tax charge includes € (33) million of deferred tax expense related to the recognition of deferred tax liabilities resulting from the difference between tax and consolidated values of the investments/subsidiaries.

- **Balance-sheet**

(in € million)	**At 30 September 2014**
Goodwill	4,641
Intangible assets	1,676
Property, plant and equipment	2,447
Investments in joint-ventures and associates	61
Non consolidated investments	106
Other non-current assets	111
Deferred taxes	1,010
Total non-current assets	**10,052**
Inventories	2,494
Construction contracts in progress, assets	3,671
Trade receivables	3,373
Other current operating assets	2,489
Marketable securities and other current financial assets	11
Total current assets	**12,038**
Cash and cash equivalents	**384**
TOTAL ASSETS HELD FOR SALE	**22,474**

(in € million)	**At 30 September 2014**
Non-current provisions	438
Accrued pension and other employee benefits	1,333
Deferred taxes	142
Total non-current liabilities (excluding financial debt)	**1,913**
Current provisions	759
Construction contracts in progress, liabilities	7,137
Trade payables	3,012
Other current operating liabilities	2,356
Total current liabilities (excluding financial debt)	**13,264**
Financial debt	**377**
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**15,554**

The impairment test at 31 March 2014 supported the Group's opinion that goodwill was not impaired. At the date of IFRS 5 application, the Group considers that the assumptions used to assess the recoverable value of goodwill of Thermal Power, Renewable Power and Grid at 31 March 2014 are not substantially modified.
The disposal value will significantly exceed the carrying value of net assets held for sale.

- **Contingent liabilities - Commercial obligations**

As at 30 September 2014, the total outstanding bonding guarantees related to Energy contracts, issued by banks or insurance companies, amounts to € 11.2 billion (€ 9.5 billion at 31 March 2014).

Note 5. Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) - the Group's chief operating decisions maker with the meaning of IFRS 8 - to allocate resources to the segments and assess their performance. Pursuant to IFRS 5, the Energy activities (Thermal Power, Renewable Power, Grid and central and shared services excluding Alstom SA and Alstom Holdings), which are discontinued operations as at 30 September 2014, are no longer reported as operating segments but are presented as "Discontinued sectors".

5.1 Key indicators by operating segment

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
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 4.1)

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

For the half-year ended 30 September 2013*

(in € million)	**Transport**	**Corporate & Others (1)**	**Discontinued Sectors**	**Eliminations**	**Total**
Sales	2,686	19		(3)	2,702
Inter Sector eliminations	(3)	-		3	-
Total Sales	**2,683**	**19**		**-**	**2,702**
Income (loss) from operations	**144**	**(18)**		**-**	**126**
Earnings before interest and taxes	**131**	**(26)**		**-**	**105**
Financial income (expense)					(69)
Income tax					30
Share of net income of equity-accounted investments					41
Net profit from continuing operations					**107**
Net profit from discontinued operations (2)					274
NET PROFIT					**381**
Capital expenditure	**(72)**	**(1)**	**(287)**	**-**	**(360)**
Depreciation and amortisation in EBIT	**69**	**1**	**183**	**-**	**253**

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

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

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

ALSTOM

At 30 September 2014

(in € million)	Transport	Corporate & Others	Total
Segment assets (1)	**7,861**	**762**	**8,623**
Deferred taxes (assets)			648
Prepaid employee defined benefit costs			20
Financial assets			1,452
Assets held for sale (4)			22,474
TOTAL ASSETS			**33,217**
Segment liabilities (2)	**5,765**	**710**	**6,475**
Deferred taxes (liabilities)			12
Accrued employee defined benefit costs			379
Financial debt			5,348
Total equity			5,449
Liabilities related to assets held for sale (4)			15,554
TOTAL EQUITY AND LIABILITIES			**33,217**
Capital employed (3)	**2,096**	**52**	**2,148**

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

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

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

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

At 31 March 2014*

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

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

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

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

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

5.2 Key indicators by geographic area

Sales by country of destination

	Half-year ended	
	30 September	30 September
(in € million)	**2014**	**2013***
Europe	2,166	1,887
of which France	*617*	*628*
Americas	381	381
Asia / Pacific	197	227
Middle East / Africa	312	207
TOTAL GROUP	**3,056**	**2,702**

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

5.3 Information about major customers

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

Note 6. Research and development expenditure

	Half-year ended	
	30 September	30 September
(in € million)	**2014**	**2013***
Research and development expenses	**(51)**	**(62)**
Development costs capitalised during the period	(32)	(31)
Amortisation expense of capitalised development costs	32	32
Amortisation of acquired technology	-	-
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**(51)**	**(61)**

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

During the half year ended 30 September 2014, the Group invested € 51 million in research and development in order to maintain its technological edge in its traditional business segments and to develop its competitive advantage in high growth markets.

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

Note 7. Other income and other expense

	Half-year ended	
(in € million)	30 September 2014	30 September 2013*
Capital gains on disposal	4	-
OTHER INCOME	**4**	**-**
Capital losses on disposal	(2)	(1)
Restructuring costs	(55)	(7)
Impairment losses and other	(36)	(13)
OTHER EXPENSE	**(93)**	**(21)**
OTHER INCOME (EXPENSE)	**(89)**	**(21)**

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

Other income and other expense represent mainly:

- Restructuring costs that derive from the adaptation of Transport's footprint in order to take into account the lower demand in developed countries (Europe, in particular) and the situation of overcapacity faced in certain countries;
- Costs associated with legal proceedings that have arisen outside of the ordinary course of business;
- Non recurring impairment losses on assets, including a specific product intended for the CIS market.

Note 8. Financial income (expense)

	Half-year ended	
(in € million)	30 September 2014	30 September 2013*
Interest income	6	2
Interest expense recharged to the discontinued operations	38	26
Net exchange gain	25	11
Other financial income	2	3
FINANCIAL INCOME	**71**	**42**
Interest expense on borrowings	(106)	(89)
Net financial expense from employee defined benefit plans (see note 22)	(7)	(6)
Other financial expense	(14)	(16)
FINANCIAL EXPENSE	**(127)**	**(111)**
FINANCIAL INCOME (EXPENSE) FROM CONTINUING OPERATIONS	**(56)**	**(69)**

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

As at 30 September 2014:

- Interest income of € 6 million represents the remuneration of the Group's cash positions over the period;
- Interest expense recharged to the discontinued operations amounts to € 38 million in application of the cash pool agreements;

- The Net exchange gain includes mainly the variation of the mark to market value of the interest effect of the unrealized exchange gains and losses on hedging instruments;
- Interest expense of € (106) million represents the cost of the external gross financial debt
- The net financial expense from employee defined benefit plans of € (7) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate;
- Other financial expense includes mainly fees and commitment fees paid on guaranteed facilities, syndicated loans and other financing facilities for € (14) million.

Note 9. Taxation

Income tax charge is recognised 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.

As at 30 September 2014, the income tax charge of € (11) million corresponds mainly to additional tax expenses for € (9) million such as CVAE in France or IRAP in Italy. Before these additional tax expenses, the Effective Tax rate is 25%.

Note 10. Earnings per share

10.1 Earnings

	Half-year ended	
(in € million)	**30 September 2014**	**30 September 2013***
Net Profit attributable to equity holders of the parent :		
- From continuing operations	29	105
- From discontinued operations	226	270
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**255**	**375**

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

10.2 Number of shares

	Half-year ended	
	30 September 2014	**30 September 2013**
Weighted average number of ordinary shares used to calculate basic earnings per share (see Note 20)	**309,093,533**	**308,436,692**
Effect of dilutive instruments other than bonds reimbursable with shares:		
- Stock options and performance shares (LTI plan)	2,784,024	2,658,516
- Performance shares (Alstom Sharing plans)	0	131,886
Weighted average number of ordinary shares used to calculate diluted earnings per share (see Note 20)	**311,877,557**	**311,227,094**

10.3 Earnings per share

	Half-year ended	
(in €)	**30 September 2014**	**30 September 2013***
Basic earnings per share	0.82	1.22
Diluted earnings per share	0.82	1.20
Basic earnings per share from continuing operations	0.09	0.34
Diluted earnings per share from continuing operations	0.09	0.34
Basic earnings per share from discontinued operations	0.73	0.88
Diluted earnings per share from discontinued operations	0.72	0.87

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

Note 11. Goodwill and intangible assets

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

11.1 Goodwill

(in € million)	At 31 March 2014*	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	Assets held for sale	At 30 September 2014
Transport	674	-	-	5	-	679
Thermal Power	2,904	-	-	26	(2,930)	-
Renewable Power	532	-	-	5	(537)	-
Grid	1,159	3	-	12	(1,174)	-
GOODWILL	**5,269**	**3**	**-**	**48**	**(4,641)**	**679**
Of which:						
Gross value	5,269	3	-	48	(4,641)	679
Impairment	-	-	-	-	-	-

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' goodwill as "Assets held for sale" for an amount of € 4,641 million (see Note 4).

The impairment test at 31 March 2014 supported the Group's opinion that goodwill was not impaired. At 30 September 2014, the Group considers that the assumptions used to assess the recoverable value of Transport goodwill at 31 March 2014 are not substantially modified.

11.2 Intangible assets

(in € million)	At 31 March 2014*	Additions / disposals / amortisation	Translation adjustments and other changes	Assets held for sale	At 30 September 2014
Development costs	2,211	135	5	(1,351)	1,000
Acquired technology	1,388	-	1	(1,389)	-
Other intangible assets	859	12	9	(712)	168
Gross value	**4,458**	**147**	**15**	**(3,452)**	**1,168**
Development costs	(842)	(42)	(4)	261	(627)
Acquired technology	(928)	(21)	-	949	-
Other intangible assets	(635)	(13)	(7)	566	(89)
Amortisation and impairment	**(2,405)**	**(76)**	**(11)**	**1,776**	**(716)**
Development costs	1,369	93	1	(1,090)	373
Acquired technology	460	(21)	1	(440)	-
Other intangible assets	224	(1)	2	(146)	79
NET VALUE	**2,053**	**71**	**4**	**(1,676)**	**452**

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

The impairment test at 31 March 2014 supported the Group's opinion that intangible assets were not impaired. At 30 September 2014, the Group considers that the assumptions used to assess the recoverable value of Transport's intangibles at 31 March 2014 are not substantially modified.

Note 12. Property, plant and equipment

(in € million)	At 31 March 2014*	Acquisitions/ amortisation / impairments	Disposals	Translation adjustments and other changes	Assets held for sale	At 30 September 2014
Land	181	-	(2)	(4)	(122)	53
Buildings	1,958	14	(11)	56	(1,432)	585
Machinery and equipment	2,966	65	(22)	(1)	(2,320)	688
Constructions in progress	326	68	(2)	(45)	(287)	60
Tools, furniture, fixtures and other	483	14	(11)	40	(304)	222
Gross value	**5,914**	**161**	**(48)**	**46**	**(4,465)**	**1,608**
Land	(11)	(1)	-	1	4	(7)
Buildings	(741)	(25)	8	(7)	478	(287)
Machinery and equipment	(1,844)	(51)	22	45	1,329	(499)
Constructions in progress	-	-	-	-	-	-
Tools, furniture, fixtures and other	(350)	(11)	10	(30)	207	(174)
Amortisation and impairment	**(2,946)**	**(88)**	**40**	**9**	**2,018**	**(967)**
Land	170	(1)	(2)	(3)	(118)	46
Buildings	1,217	(11)	(3)	49	(954)	298
Machinery and equipment	1,122	14	-	44	(991)	189
Constructions in progress	326	68	(2)	(45)	(287)	60
Tools, furniture, fixtures and other	133	3	(1)	10	(97)	48
NET VALUE	**2,968**	**73**	**(8)**	**55**	**(2,447)**	**641**

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

Note 13. Investments in Joint Ventures and Associates

Financial information

	Share in equity		Share of net income	
(in € million)	At 30 September 2014	At 31 March 2014*	For the half-year ended 30 September 2014	For the half-year ended 30 September 2013*
Associates	**403**	**429**	**30**	**31**
Joint ventures	**86**	**116**	**9**	**10**
TOTAL	**489**	**545**	**39**	**41**

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

Movements during the period

(in € million)	At 30 September 2014	At 31 March 2014*
Opening balance	**545**	**666**
Share in net income of equity-accounted investments	39	71
Impairment (1)	-	(22)
Share in net income of equity-accounted investments (2)	39	49
Dividends	(36)	(43)
Acquisitions	-	26
Changes in consolidation method (3)	-	(100)
Translation adjustments and other	2	(53)
Transfer to assets held for sale	(61)	-
Closing balance	**489**	**545**

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

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

(2) Of which € 39 million from continuing operations at 30 September 2014 (€ 70 million at 31 March 2014 from continuing operations)

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

13.1 Investment in associates

		Share in equity		Share of net income	
(in € million)	% ownership	At 30 September 2014	At 31 March 2014*	For the half-year ended 30 September 2014	For the half-year ended 30 September 2013*
The Breakers Investments B.V.	25%	368	372	31	45
Other		35	57	(1)	(14)
Associates		**403**	**429**	**30**	**31**

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

a. Main associates

The Breakers Investments B.V.

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

The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of The Breakers Investments B.V. as of 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 2014	At 31 december 2013	At 30 June 2013
Non-current assets	1,057	1,127	1,232
Current assets	1,253	1,223	1,455
Total assets	**2,310**	**2,350**	**2,687**
Equity-attributable to the owners of the parent company	966	998	1,115
Equity-attributable to non-controlling interests	256	290	262
Non current liabilities	215	302	451
Current liabilities	873	760	859
Total equity and liabilities	**2,310**	**2,350**	**2,687**

Income statement

(in € million)	Half-year ended 30 June 2014	Year ended 31 december 2013	Half-year ended 30 June 2013
Sales	1,404	3,485	1,652
Net income from continuing operations	118	336	192
After-tax net income of discontinued operations	-	-	-
Share of non-controlling interests	(11)	(49)	(30)
Net income attributable to the owners of the parent company	**107**	**287**	**162**
Other comprehensive income	(19)	1	2
Total comprehensive income	**99**	**336**	**194**

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

(in € million)	At 30 September 2014
Net asset of the Breakers Investments B.V at 30 June	966
Income (loss) forecast for the latest quarter	44
Other variations	1
Net asset of the Breakers Investments B.V. at 30 September	**1,011**
Equity interest held by the Group	25%
Goodwill	121
Other*	(7)
Carrying value of the Group's interests in The Breakers Investments B.V	**368**

* The other components in this line item correspond to fair value restatements calculated at the time of the acquisition.

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

* The other components in this line item correspond to fair value restatements calculated at the time of the acquisition.

(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**

* The other components in this line item correspond to the amortisation of the amounts recognised at the time of allocation of the acquisition price.

(in € million)	Half-year ended 30 September 2013
Net income of the Breakers Investments B.V for the half-year ended 30 June	162
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	**185**
Equity interest held by the Group	25%
Other*	(1)
Group's share in the net income of The Breakers Investments B.V	**45**

* The other components in this line item correspond to the amortisation of the amounts recognised at the time of allocation of the acquisition price.

Dividends

(in € million)	At 30 September 2014	At 31 March 2014
Dividends received	**27**	**35**

b. Other associates

The Group's investment in other associates is not significant on an individual basis. On aggregate, their net carrying value represents € 35 million as of 30 September 2014 (€ 57 million as of 31 March 2014).

13.2 Investment in joint ventures

		Share in equity		Share of net income	
(in € million)	% ownership	At 30 September 2014	At 31 March 2014*	For the half-year ended 30 September 2014	For the half-year ended 30 September 2013*
Casco	50%	57	52	9	8
Other		29	64	-	2
Joint ventures		**86**	**116**	**9**	**10**

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

The Group's investment in joint ventures is not significant on an individual basis. On aggregate, it corresponds to a net carrying value of € 86 million as of 30 September 2014 (€ 116 million as of 31 March 2014).

Note 14. Non-consolidated investments

Other investments represent an aggregate net carrying value of € 57 million as of 30 September 2014 (€ 160 million as of 31 March 2014). This net carrying value is an accurate representation of the fair value.

Movements during the period

(in € million)	At 30 September 2014	At 31 March 2014*
Opening balance	160	101
Change in fair value (1)	23	(15)
Acquisitions	9	7
Changes in consolidation method (2)	-	73
Translation adjustments and other	(29)	(6)
Transfer to assets held for sale (2)	(106)	-
CLOSING BALANCE	57	160

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

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

(2) Of which BrightSource Energy investment which is accounted for as a non-consolidated investment as at 31 March 2014, given the limited effective influence and financial information available and as assets held for sale as at 30 September 2014 being part of Energy activities.

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

Note 15. Other non-current assets

(in € million)	At 30 September 2014	At 31 March 2014*
Financial non-current assets associated to financial debt (1)	373	364
Long-term loans, deposits and other	82	146
OTHER NON-CURRENT ASSETS	**455**	**510**

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

(1) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Note 23). They are made up as follows:

- at 30 September 2014, € 357 million receivables and € 16 million deposit;
- at 31 March 2014, € 349 million receivables and € 15 million deposit.

Note 16. Inventories

(in € million)	At 30 September 2014	At 31 March 2014*
Raw materials and supplies	557	1,015
Work in progress	260	1,950
Finished products	120	319
Inventories, gross	**937**	**3,284**
Raw materials and supplies	(66)	(150)
Work in progress	(4)	(124)
Finished products	(15)	(38)
Write-down	**(85)**	**(312)**
INVENTORIES, NET	**852**	**2,972**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' inventories as "Assets held for sale" for an amount of € 2,494 million (see Note 4).

Note 17. Construction contracts in progress

(in € million)	At 30 September 2014	At 31 March 2014*	Variation
Construction contracts in progress, assets	2,397	3,951	(1,554)
Construction contracts in progress, liabilities	(3,234)	(8,426)	5,192
CONSTRUCTION CONTRACTS IN PROGRESS	**(837)**	**(4,475)**	**3,638**

(in € million)	At 30 September 2014	At 31 March 2014*	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	28,541	60,881	(32,340)
Less progress billings	(27,489)	(62,043)	34,554
Construction contracts in progress excluding down payments received from customers	**1,052**	**(1,162)**	**2,214**
Down payments received from customers	(1,889)	(3,313)	1,424
CONSTRUCTION CONTRACTS IN PROGRESS	**(837)**	**(4,475)**	**3,638**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' construction contracts in progress as "Assets held for sale" for a net amount of € (3,466) million (see Note 4).

Note 18. Other current operating assets

(in € million)	At 30 September 2014	At 31 March 2014*
Down payments made to suppliers	102	517
Corporate income tax	133	216
Other taxes	292	866
Prepaid expenses	143	238
Other receivables	207	373
Derivatives relating to operating activities	407	397
Remeasurement of hedged firm commitments in foreign currency	169	526
OTHER CURRENT OPERATING ASSETS	**1,453**	**3,133**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' other current operating assets as "Assets held for sale" for an amount of € 2,490 million (see Note 4).

Note 19. Working capital

19.1 Balance sheet positions

(in € million)	At 30 September 2014	At 31 March 2014*	Variation
Inventories	852	2,972	(2,120)
Construction contracts in progress, assets	2,397	3,951	(1,554)
Trade receivables	1,541	4,450	(2,909)
Other current operating assets	1,453	3,133	(1,680)
ASSETS	**6,243**	**14,506**	**(8,263)**
Non-current provisions	235	710	(475)
Current provisions	319	1,191	(872)
Construction contracts in progress, liabilities	3,234	8,426	(5,192)
Trade payables	1,102	3,819	(2,717)
Other current operating liabilities	1,585	3,593	(2,008)
LIABILITIES	**6,475**	**17,739**	**(11,264)**
WORKING CAPITAL	**(232)**	**(3,233)**	**3,001**

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

19.2 Analysis of variation in working capital

(in € million)	Half-year ended 30 September 2014
Working capital at the beginning of the period	**(3,233)**
Changes in working capital resulting from operating activities (1)	1,314
Changes in working capital resulting from investing activities (2)	17
Translation adjustments and other changes	(5)
Transfer to assets held for sale	1,675
WORKING CAPITAL AT THE END OF THE PERIOD	**(232)**

(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

On the period, the variation in working capital resulting from operating activities from continuing operations amounts to € 238 million.

Note 20. Equity

At 30 September 2014, the share capital of Alstom amounted to € 2,165,651,950 consisting of 309,378,850 ordinary shares with a par value of € 7 each. For the half-year ended 30 September 2014, the weighted average number of outstanding ordinary shares amounted to 309,093,533 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 311,877,557 after the effect of all dilutive instruments.

During the half-year ended 30 September 2014:

- 624 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 39 shares at a par value of € 7. The 79,026 bonds reimbursable in shares outstanding at 30 September 2014 represent 4,963 shares to be issued;
- 676,665 of ordinary shares were issued under long term incentive plans.

The Shareholders' Meeting of Alstom held on 1 July 2014 decided to distribute no dividend.

Note 21. Provisions

(in € million)	At 31 March 2014*	Additions	Releases	Applications	Translation adjustments and other	Provisions related to assets held for sale	At 30 September 2014
Warranties	663	112	(121)	(98)	-	(444)	112
Litigations, claims and others	528	121	(77)	(60)	10	(315)	207
Current provisions	**1,191**	**233**	**(198)**	**(158)**	**10**	**(759)**	**319**
Tax risks & litigations	201	16	(7)	(4)	1	(118)	89
Restructuring	162	60	(5)	(39)	-	(114)	64
Other non-current provisions	347	72	(25)	(114)	8	(206)	82
Non-current provisions	**710**	**148**	**(37)**	**(157)**	**9**	**(438)**	**235**
TOTAL PROVISIONS	**1,901**	**381**	**(235)**	**(315)**	**19**	**(1,197)**	**554**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' provisions as "Liabilities related to assets held for sale" for an amount of € 1,197 million (see Note 4). By taking over Alstom's Energy activities, GE undertakes to take on all assets and all liabilities and risks exclusively or predominantly associated with said activities.

Provisions for warranties relate to estimated costs to be incurred over the residual contractual warranty period on completed contracts. Provisions for litigations, claims and others relate to operating risks that are not directly linked to contracts in progress.

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

Restructuring derive from the adaptation of the Group's footprint in order to take into account the lower demand in developed countries (mainly in Europe) and the situation of overcapacity faced in certain countries.

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

Note 22. Post-employment and other long-term defined employee benefits

Net accrued benefits

(in € million)	At 30 September 2014	At 31 March 2014*
Accrued pension and other employee benefit costs	(379)	(1,525)
Prepaid pension and other employee benefit costs	20	22
NET ACCRUED BENEFITS	**(359)**	**(1,503)**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' net accrued benefits as "Liabilities related to assets held for sale" (see Note 4).

For each plan, 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.

Therefore, the main part of the United-Kingdom and Switzerland plans is presented in the "Liabilities related to assets held for sale" line of the balance sheet.

Variation of actuarial gains and losses

Actuarial gains and losses and asset ceiling arising from post-employment defined benefit plans directly recognised in equity for the half-year ended 30 September 2014 are the following:

- € (218) million actuarial gains and losses generated (including € (26) million for continuing operations),
- € 35 million asset ceiling generated (including € 1 million for continuing operations).

Assumptions (weighted average rates)

(in %)	At 30 September 2014*	At 31 March 2014
Discount rate	3.48	3.73
Rate of compensation increase	3.05	2.91

* Assumptions relate to continuing activities (discount rate for the whole Group is 3.38%; rate of compensation increase for the whole Group is 2.94%)

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 2014**	**30 September 2013***
Service cost	(8)	(7)
Defined contribution plans	(46)	(47)
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)	**(7)**	**(6)**
TOTAL BENEFIT EXPENSE	**(61)**	**(60)**

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

Note 23. Financial debt

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

Carrying amount (in € million)	**At 30 September 2014**	**At 31 March 2014***
Bonds	3,900	4,614
Other borrowing facilities	937	537
Put options and earn-out on acquired entities	2	40
Derivatives relating to financing activities	30	13
Accrued interests	94	55
Borrowings	**4,963**	**5,259**
Non-current	*3,842*	*4,009*
Current	*1,121*	*1,250*
Obligations under finance leases	28	96
Other obligations under long-term rental	357	349
Obligations under finance leases	**385**	**445**
Non-current	*325*	*398*
Current	*60*	*47*
TOTAL FINANCIAL DEBT	**5,348**	**5,704**

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

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 March 2015	60	09/03/2015	4.25%	4.47%
Alstom October 2015	500	05/10/2015	2.88%	2.98%
Alstom March 2016	500	02/03/2016	3.87%	4.05%
Alstom February 2017	750	01/02/2017	4.13%	4.25%
Alstom October 2017	350	11/10/2017	2.25%	2.44%
Alstom October 2018	500	05/10/2018	3.63%	3.71%
Alstom July 2019	500	08/07/2019	3.00%	3.18%
Alstom March 2020	750	18/03/2020	4.50%	4.58%

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

Note 24. Financial instruments and financial risk management

24.1 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 2014. Furthermore, variations between their fair values and carrying values have not changed significantly compared to 31 March 2014.

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 maturities of hedge to match the terms of hedged risks to maximise hedge effectiveness.

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

At 30 September 2014, the fair value of hedging instruments included in discontinued operations represents a net liability of € 64 million (of which € 27 million of hedging instruments against Alstom Holdings).

For a large Transport project located in South Africa, the hedged firm commitments resulting from the commercial contract are recognised on a forward rate basis. Provided that the corresponding hedging relationship qualifies for hedge accounting, the change in fair value of the hedged items recorded at the project forward rate at inception offsets the change in fair value of the derivatives.

24.2 Liquidity risk management

Financial covenants

To increase its liquidity, the Group has in place a € 1,350 million revolving credit facility fully undrawn maturing in December 2016. This facility is subject to financial covenants based on consolidated data of Alstom Group. As of 30 September 2014, Alstom calculates covenants before the reclassifications in the income statement and the balance sheet required by IFRS 5 (i.e. considering both continuing and discontinued activities within the meaning of IFRS 5). The key Group indicators used to calculate the financial covenants are detailed below:

(in € million)	**Half-year ended 30 September 2014**	**For the year ended 31 March 2014***
EBITDA (excluding capital gain on disposal) (1)	1,122	1,553
Net interest expense (excluding interests related to obligations under finance leases) (1)	213	194
Total net debt (2)	3,867	2,956

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

(1) Consistently with previous periods, calculated on a 12-month period taking into account the second semester 2013/2014 and the first semester 2014/2015

(2) Total net debt of both continuing and discontinued activities

The covenants are 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 Amortisation and excluding Capital gain/loss on disposal) to net interest expense (excluding interests related to obligations under finance leases). It amounts to 5.3 as at 30 September 2014 (8.0 at 31 March 2014).

(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 2014.

(c) Ratio of total net debt (Total debt less marketable securities and cash and cash equivalents) to EBITDA. The net debt leverage as at 30 September 2014 is 3.4 (1.9 at 31 March 2014).

24.3 Credit risk management

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

Note 25. Other current operating liabilities

(in € million)	At 30 September 2014	At 31 March 2014*
Staff and associated liabilities	318	1,161
Corporate income tax	(5)	96
Other taxes	136	493
Deferred income	133	119
Other payables	445	1,079
Derivatives relating to operating activities	486	295
Remeasurement of hedged firm commitments in foreign currency	72	350
OTHER CURRENT OPERATING LIABILITIES	**1,585**	**3,593**

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

Movements over the period ended 30 September 2014 mainly arose from the classification of the Energy activities' other current operating liabilities as "Liabilities related to assets held for sale" for an amount of € 2,357 million (see Note 4).

Note 26. Contingent liabilities and disputes

26.1 Contingent liabilities

Commercial obligations

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

As at 30 September 2014, the Group has in place both uncommitted bilateral lines in numerous countries up to € 23.9 billion and a Committed Syndicated Bonding Facility allowing issuance of instruments up to € 9 billion valid up to 27 July 2016.

As at 30 September 2014, the total outstanding bonding guarantees related to contracts from continuing activities, issued by banks or insurance companies, amounts to € 6.9 billion (€ 7.5 billion at 31 March 2014).

The available amount under the Committed Bonding Facility at 30 September 2014 amounts to € 2.2 billion (€ 2.0 billion at 31 March 2014). The available amount under bilateral lines at 30 September 2014 amounts to € 12.1 billion. The Committed Bonding Facility includes a certain number of financial covenants based on consolidated figures of the Group. As of 30 September 2014, Alstom calculates covenants before the reclassifications in the income statement and the balance sheet required by IFRS 5 (i.e. considering both continuing and discontinued activities within the meaning of IFRS 5). The key Group indicators used to calculate the financial covenants are detailed below:

(in € million)	Half-year ended 30 September 2014	For the year ended 31 March 2014*
EBITDA (excluding capital gain on disposal) (1)	1,122	1,553
Net interest expense (excluding interests related to obligations under finance leases) (1)	213	194
Total net debt (2)	3,867	2,956

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

(1) Consistently with previous periods, calculated on a 12-month period taking into account the second semester 2013/2014 and the first semester 2014/2015

(2) Total net debt of both continuing and discontinued activities

The covenants are 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 Amortisation and excluding Capital gain/loss on disposal) to net interest expense (excluding interests related to obligations under finance leases). It amounts to 5.3 as at 30 September 2014 (8.0 at 31 March 2014).

(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 2014.

(c) Ratio of total net debt (Total debt less marketable securities and cash and cash equivalents) to EBITDA. The net debt leverage as at 30 September 2014 is 3.4 (1.9 at 31 March 2014).

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 2014, guarantees given as part of past vendor financing arrangements concern guarantees given as part of a leasing scheme involving London Underground Limited (Northern Line) and amount to £ 177 million (€ 228 million and € 214 million at 30 September 2014 and at 31 March 2014 respectively).

Were London Underground Limited to decide not to extend the contract beyond 2017, and to hand the trains back, the Group has guaranteed to the lessors that the value of the trains and associated equipment, net of the £ 15 million non-extension payment due by London Underground, should not be less than £ 177 million in 2017. The £ 177 million is included in the € 357 million amount of "Other obligations under long-term rental" (see Note 23).

26.2 Disputes

As indicated in Note 1, within the contemplated sale of Alstom's Energy activities to General Electric, General Electric has undertaken to take on all liabilities and risks exclusively or predominantly associated with the said activities.

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 litigation are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

Other disputes

- **Asbestos**

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 civil or criminal 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 (Alstom Grid). Alstom has requested the cancellation of this decision before the General Court of the European Union. On 3 March 2011 the Court reduced the amount of fine levied against Alstom to €58.5 million out of which €48.1 million on a joint and several basis with Areva T&D (Alstom Grid). On 20 May 2011, Alstom requested the cancellation of this decision before the Court of Justice of the European Union. The final decision occurred on 10 April 2014 and Alstom paid a total amount of € 79.3 million corresponding to the reduced fine plus legal interests.

Following the European Commission's decision, on 17 November 2008, National Grid commenced a civil action before the High Court of Justice in London to obtain damages against the manufacturers of GIS equipment, including Alstom and certain of its subsidiaries. National Grid asserted that it had suffered damages from all manufacturers concerned for a total amount of £275 million. Alstom contested the facts. A full and final settlement was agreed amongst all parties in June 2014. Two other civil actions started in May and September 2010 before national jurisdictions for a global amount of approximately €32 million. These actions are ongoing.

On 16 September 2013 the Israeli Antitrust Authority issued a decision whereby Alstom and other companies were held liable for anti-competitive arrangement in the GIS Israeli market. No fine will be imposed to Alstom arising out of this decision. Alstom appealed this decision in October 2014. Following the decision, the Israeli state-owned company for the power distribution started in December 2013 a civil action amounting to € 784 million against the members of the alleged anti-competitive arrangement. Alstom has submitted its defense. Two class actions have also been initiated against the members of the alleged anti-competitive arrangement for overcharge. These class actions are suspended for an undetermined period for procedural reasons. Alstom vigorously contests these procedures on the merits and considers it has good arguments to defend these cases.

Power transformers

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

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 fully cooperates with CADE. In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible. This procedure is at an early stage.

- **Alleged illegal payments**

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

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

In the United States, the U.S. Department of Justice (DoJ) began in 2010 investigations on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act. The Group is working diligently with the DoJ to answer questions and produce documents associated with the projects which are in the scope of the DoJ investigations in order to address any possible improper conduct. There are indications that settlement discussions could occur in the near term. However, at this stage, the Group is unable to predict their consequences and notably the level of fines it may receive.

In the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. The SFO opened in July 2014 criminal prosecutions against one entity of the Group and certain current and past employees of the Group in connection with transportation projects located in Poland, Tunisia and India. These proceedings are at anearly stage.

The World Bank sanctioned Alstom for improper payment and on 22 February 2012, as part of a negotiated resolution agreement, the World Bank announced its decision to debar ALSTOM Hydro France and ALSTOM Network Schweiz AG (Switzerland) and their affiliates from public tenders financed by the World Bank for a period of three years which is scheduled to end on 22 February 2015.

- **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, for wrongful termination notably is on-going. According to the latest arbitral timetable, the arbitral award is expected by the end of 2014.

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

On 22 June 2009, a collision between two metro trains occurred in the Washington D.C. metro resulting in the death of 9 persons and the injury of 52 persons. The claims against Alstom Signaling Inc. initially amounted to approximately $475 million. A report of the National Transportation Safety Board on the causes of the accident partially implicated equipment supplied by Alstom Signaling Inc. All the 120 claims made are now closed and were covered by the Group’s insurance policies.

- **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. On 17 December 2012, the arbitration resumed to solve notably the issue of the damages resulting from the delays on the project. The contract execution is ongoing as well as the arbitration proceedings which are at the phase of assessments of damages claimed by the parties.

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

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the "Marmaray Commuter Rail Project (CR-1)" to Alstom Dogus Marubeni (AMD), of which Alstom Transport's main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guaranties was forbidden and the AMD consortium immediately initiated an arbitration procedure to resolve the substantive issues. The arbitral tribunal's decision on the merits of the contract termination should be issued in the coming months. It will be followed by a second phase relating to the quantification of damages.

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

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

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

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

Note 27. Related parties

The Group has identified the following related parties:

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

27.1 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 2014, Bouygues holds 29.3% of Alstom's share capital and voting rights.

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

27.2 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 2014		At 30 September 2014	
(in € million)	**Income**	**Expenses**	**Receivables**	**Liabilities**
Joint ventures	58	-	32	-
Associates	1	-	1	-

Note 28. Subsequent events

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

Note 29. 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 Holdings	France	100%	Full consolidation
ALSTOM Transport	France	100%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Spa	Italy	100%	Full consolidation
ALSTOM Ferrovaria Spa	Italy	100%	Full consolidation
ALSTOM Transport Holdings BV	Netherlands	100%	Full consolidation
ALSTOM Espana IB SA Holding	Spain	100%	Full consolidation
ALSTOM Transport UK Holdings Ltd	United Kingdom	100%	Full consolidation
ALSTOM Transport Holding US Inc	USA	100%	Full consolidation
Industrial companies			
ALSTOM Algéria Spa	Algeria	100%	Full consolidation
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	Canada	100%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Hong-Kong Ltd	Hong Kong	100%	Full consolidation
ALSTOM Transport India Limited	India	100%	Full consolidation
ALSTOM Ferrovaria Spa	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	98%	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100%	Full consolidation
Gibela Rail Transport Consortium (Pty) Ltd	South Africa	61%	Full consolidation
ALSTOM Transporte SA	Spain	100%	Full consolidation
ALSTOM Transport AB	Sweden	100%	Full consolidation
ALSTOM Transport UK Ltd	United Kingdom	100%	Full consolidation
ALSTOM NL Service Provision Ltd	United Kingdom	100%	Full consolidation
ALSTOM Signalling Inc.	USA	100%	Full consolidation
ALSTOM Transportation Inc.	USA	100%	Full consolidation

- **Discontinued operations**

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

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 2014)

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 2014 to 30 September 2014;
- 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 “Major event: Alstom strategic move”, Note 3 “Comparability” and Note 4 “Assets held for sale and discontinued operations”, which set out the accounting treatment and impacts of the Group’s Energy activities planned transaction with General Electric.
- Note 26.2 “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, 5 November 2014

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	MAZARS
Olivier Lotz	Thierry Colin

ALSTOM

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 2014/15, 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 herein presents a true and fair review 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.

Levallois-Perret, 5 November 2014

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.*