Consolidated financial statements

Year ended 31 March 2017

ALSTOM

CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Year ended 31 March 2017	31 March 2016
Sales	(3)	**7,306**	**6,881**
Cost of sales *		(6,171)	(5,814)
Research and development expenses *	(4)	(175)	(165)
Selling expenses	(5)	(187)	(191)
Administrative expenses	(5)	(352)	(345)
Other income / (expenses)	(6)	(63)	(592)
Earnings before interest and taxes		**358**	**(226)**
Financial Income	(7)	11	73
Financial Expenses	(7)	(138)	(348)
Pre-tax income		**231**	**(501)**
Income tax charge	(8)	(76)	(597)
Share of net income of equity-accounted investments	(13)	82	30
Net profit from continuing operations		**237**	**(1,068)**
Net profit from discontinued operations	(9)	66	4,079
NET PROFIT		**303**	**3,011**
Net profit attributable to equity holders of the parent		289	3,001
Net profit attributable to non controlling interests		14	10
Net profit from continuing operations attributable to:			
• Equity holders of the parent		223	(1,083)
• Non controlling interests		14	15
Net profit from discontinued operations attributable to:			
• Equity holders of the parent		66	4,084
• Non controlling interests		-	(5)
Earnings per share (in €)			
• Basic earnings per share	(10)	1.32	10.17
• Diluted earnings per share	(10)	1.30	10.09

* includes the reclassification of sustaining costs from Cost of Sales to Research and Development for €(29) million as of 31 March 2016 (Note 2 & 4).

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

ALSTOM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Note	Year ended 31 March 2017	Year ended 31 March 2016
Net profit recognised in income statement		**303**	**3,011**
Remeasurement of post-employment benefits obligations	(29)	(44)	(240)
Currency translation relating to items that will not be reclassified to profit or loss	(29)	8	-
Income tax relating to items that will not be reclassified to profit or loss	(8)	4	32
Items that will not be reclassified to profit or loss		**(32)**	**(208)**
of which from equity-accounted investments	(13)	-	-
Fair value adjustments on available-for-sale assets		-	-
Fair value adjustments on cash flow hedge derivatives	(13)	(3)	14
Currency translation adjustments	(23)	107	(262)
Income tax relating to items that may be reclassified to profit or loss	(8)	-	(2)
Items that may be reclassified to profit or loss		**104**	**(250)**
of which from equity-accounted investments	(13)	*58*	*(37)*
Other comprehensive income		**72**	**(458)**
of which attributable to discontinued operations		*(1)*	*(307)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**375**	**2,553**
Attributable to:			
• Equity holders of the parent		359	2,554
• Non controlling interests		16	(1)
Total comprehensive income attributable to equity shareholders arises from:			
• Continuing operations		294	(1,227)
• Discontinued operations		65	3,781
Total comprehensive income attributable to minority equity arises from:			
• Continuing operations		16	8
• Discontinued operations		-	(9)

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

ALSTOM

CONSOLIDATED BALANCE SHEET

Assets

(in € million)	Note	At 31 March 2017	At 31 March 2016
Goodwill	(11)	1,513	1,366
Intangible assets	(11)	395	387
Property, plant and equipment	(12)	749	655
Investments in joint-ventures and associates	(13)	2,755	2,588
Non consolidated investments	(14)	55	38
Other non-current assets	(15)	316	401
Deferred taxes	(8)	189	242
Total non-current assets		**5,972**	**5,677**
Inventories	(17)	916	834
Construction contracts in progress, assets	(18)	2,834	2,356
Trade receivables	(19)	1,693	1,613
Other current operating assets	(20)	1,365	1,118
Marketable securities and other current financial assets	(25)	8	22
Cash and cash equivalents	(26)	1,563	1,961
Total current assets		**8,379**	**7,904**
Assets held for sale	(9)	10	41
TOTAL ASSETS		**14,361**	**13,622**

Equity and Liabilities

(in € million)	Note	At 31 March 2017	At 31 March 2016
Equity attributable to the equity holders of the parent	(23)	3,661	3,279
Non controlling interests		52	49
Total equity		**3,713**	**3,328**
Non-current provisions	(22)	614	655
Accrued pension and other employee benefits	(29)	526	487
Non-current borrowings	(27)	1,362	1,538
Non-current obligations under finance leases	(27)	233	280
Deferred taxes	(8)	23	52
Total non-current liabilities		**2,758**	**3,012**
Current provisions	(22)	250	208
Current borrowings	(27)	416	639
Current obligations under finance leases	(27)	28	47
Construction contracts in progress, liabilities	(18)	4,486	3,659
Trade payables		1,029	1,133
Other current operating liabilities	(21)	1,674	1,481
Total current liabilities		**7,883**	**7,167**
Liabilities related to assets held for sale	(9)	7	115
TOTAL EQUITY AND LIABILITIES		**14,361**	**13,622**

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

ALSTOM

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended 31 March 2017	Year ended 31 March 2016
Net profit		**303**	**3,011**
Depreciation, amortisation and impairment	(11)/(12)	157	470
Expense arising from share-based payments	(31)	10	8
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a) , and other change in provisions		1	183
Post-employment and other long-term defined employee benefits	(29)	2	(3)
Net (gains)/losses on disposal of assets		(77)	(4,372)
Share of net income (loss) of equity-accounted investments (net of dividends received)	(13)	(75)	(5)
Deferred taxes charged to income statement	(8)	(24)	350
Net cash provided by operating activities - before changes in working capital		**297**	**(358)**
Changes in working capital resulting from operating activities (b)	**(16)**	**104**	**(1,800)**
Net cash provided by/(used in) operating activities		**401**	**(2,158)**
Of which operating flows provided / (used) by discontinued operations	*(9)*	*(7)*	*(1,568)*
Proceeds from disposals of tangible and intangible assets		1	58
Capital expenditure (including capitalised R&D costs)		(220)	(514)
Increase/(decrease) in other non-current assets	(15)	43	23
Acquisitions of businesses, net of cash acquired	(1)	(78)	(1,994)
Disposals of businesses, net of cash sold	(9)	(93)	10,854
Net cash provided by/(used in) investing activities		**(347)**	**8,427**
Of which investing flows provided / (used) by discontinued operations	*(9)*	*(68)*	*(932)*
Capital increase/(decrease) including non controlling interests		12	(3,208)
Dividends paid including payments to non controlling interests		(11)	(12)
Issuances of bonds & notes	(27)	-	-
Repayments of bonds & notes issued	(27)	(453)	(1,875)
Changes in current and non-current borrowings	(27)	33	(688)
Changes in obligations under finance leases	(27)	(45)	(46)
Changes in marketable securities and other current financial assets and liabilities		(10)	3
Net cash provided by/(used in) financing activities		**(474)**	**(5,826)**
Of which financing flows provided / (used) by discontinued operations	*(9)*	*3*	*1,949*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(420)**	**443**
Cash and cash equivalents at the beginning of the period		1,961	1,599
Net effect of exchange rate variations		17	(87)
Other changes		4	(3)
Transfer to assets held for sale	(9)	1	9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(26)**	**1,563**	**1,961**
(b) Income tax paid		*(87)*	*(211)*
(a) Net of interests paid & received		*(115)*	*(261)*

(in € million)	Year ended 31 March 2017	Year ended 31 March 2016
Net cash/(debt) variation analysis *		
Changes in cash and cash equivalents	(420)	443
Changes in other current financial assets and liabilities	10	(3)
Changes in bonds and notes	453	1,875
Changes in current and non-current borrowings	(33)	688
Changes in obligations under finance leases	45	46
Transfer to assets held for sale	3	76
Net debt of acquired/disposed entities at acquisition/disposal date and other variations	(63)	(185)
Decrease/(increase) in net debt	(5)	2,940
Net cash/(debt) at the beginning of the period	**(203)**	**(3,143)**
NET CASH/(DEBT) AT THE END OF THE PERIOD	**(208)**	**(203)**

(*) 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 27).

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

ALSTOM

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 2015	**309 792 497**	**2 169**	**879**	**3 257**	**(2 171)**	**4 134**	**90**	**4 224**
Movements in other comprehensive income	-	-	-	-	(447)	(447)	(10)	(457)
Net income for the period	-	-	-	3 001	-	3 001	10	3 011
Total comprehensive income	**-**	**-**	**-**	**3 001**	**(447)**	**2 554**	**-**	**2 554**
Change in controlling interests and others	-	-	-	(2 072)	1 871	(201)	(29)	(230)
Dividends paid	-	-	-	-	-	-	(11)	(11)
Share buy back	(91 500 000)	(641)	-	(2 578)	-	(3 219)	-	(3 219)
Issue of ordinary shares under long term incentive plans	407 167	3	-	-	-	3	-	3
Recognition of equity settled share-based payments	427 380	3	5	-	-	8	-	8
At 31 March 2016	**219 127 044**	**1 534**	**884**	**1 608**	**(747)**	**3 279**	**49**	**3 328**
Movements in other comprehensive income	-	-	-	-	70	70	2	72
Net income for the period	-	-	-	289	-	289	14	303
Total comprehensive income	**-**	**-**	**-**	**289**	**70**	**359**	**16**	**375**
Change in controlling interests and others	-	-	-	1	4	5	(2)	3
Dividends paid	-	-	-	-	-	-	(11)	(11)
Issue of ordinary shares under long term incentive plans	214 918	2	-	-	-	2	-	2
Recognition of equity settled share-based payments & others	369 868	2	6	8	-	16	-	16
At 31 March 2017	**219 711 830**	**1 538**	**890**	**1 906**	**(673)**	**3 661**	**52**	**3 713**

* At 31 March 2017, other comprehensive income include notably €(334) million of currency translation adjustment, €(322) million of actuarial gains and losses, €1 million of cash-flow hedge

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

ALSTOM

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Alstom is a leading player in the world rail transport industry. As such, the Company offers a complete range of solutions, including rolling stock, systems, services as well as signalling for passenger and freight railway transportation. It benefits from a growing market with solid fundamentals. The key market drivers are urbanisation, environmental concerns, economic growth, governmental spending and digital transformation.

In this context, Alstom has been able to develop both a local and global presence that sets it apart from many of its competitors, while offering proximity to customers and great industrial flexibility. Its range of solutions, one of the most complete and integrated on the market, and its position as a technological leader, place Alstom in a unique situation to benefit from the worldwide growth in the rail transport market. Lastly, in order to generate profitable growth, Alstom focuses on operational excellence and its product mix evolution.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 3 May 2017. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 4 July 2017.

A. MAJOR EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION

NOTE 1. MAJOR EVENTS AND MAJOR CHANGES IN SCOPE OF CONSOLIDATION

1.1 Nomad Digital acquisition

In January 2017, Alstom completed the 100% acquisition of Nomad Digital, the world's leading provider of connectivity solutions to the railway industry. The group employs approximately 230 people and serves more than 80 major rail companies in over 40 countries with a turnover which represents more than €36 million.

As part of this transaction, the amount of the transferred compensation comes to €20 million, in addition to a debt repayment of approximately €14 million. The allocation of the price and the determination of the goodwill will be finalized within twelve months from the date of acquisition.

1.2 SpeedInnov

Through its affiliate SpeedInnov, a joint-venture created in 2015 with ADEME, Alstom focused on its 'Very high-speed train of the future' project, aiming to promote a new generation of very high-speed trainset which will reduce acquisition and operating costs by at least 20%, optimise the environmental footprint and develop the commercial offer to improve passenger experience. In this context, Alstom invested into an increase in capital in this joint-venture for €32 million during October 2016 decreasing its stake from 69.0% to 65.1% with no change in consolidation method.

1.3 Alstom strategic move through GE transaction

Effective 2 November 2015, Alstom has completed the disposal of Energy activities to General Electric simultaneously to the investment by Alstom in three Joint alliances (Grid, Renewables and Global Nuclear & French Steam) and the acquisition of General Electric's Signalling.

1.3.1 Signalling Business acquisition

The acquisition of General Electric signalling business is part of the global General Electric transaction. In accordance with IFRS 3R, the fair value of the consideration transferred for the acquisition of the Signalling business has been estimated to €578 million.

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

Accordingly, at the end of the period of the twelve months from the acquisition date, the consideration price allocation and goodwill evaluation have been finalized as follows:

(in € million)	**02 November 2015**
Total non-current assets	157
Total current assets	(124)
Total assets	**33**
Total non-current liabilities	99
Total current liabilities	58
Total liabilities	**157**
FAIR VALUE OF ASSETS/ (LIABILITIES) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE GROUP	**(124)**
Consideration price	**578**
Goodwill	**702**

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

The resulting goodwill amounts to €702 million and is mainly supported by the leadership position of General Electric's signalling business in both North America and the freight market and by expected synergies between General Electric and Alstom signalling Businesses. Indeed, GE Signalling's activities are complementary to those of Alstom. The acquisition by Alstom of the GE signalling business will strengthen Alstom's position in both North America and the freight market.

During the Fiscal Year 2016/17, GE Signalling contributed about 4% to sales and to EBIT.

1.3.2 Follow up of the disposal of Energy activities

By acquiring Alstom's Energy activities, General Electric undertook to take on all assets as well as all liabilities and risks exclusively or predominantly associated with the Energy Business (see Note 33). Cross-indemnification and asset reallocation ("wrong pocket") mechanisms, over 30 years, have been established.

During the Fiscal Year 2016/17, most of the outstanding authorizations (mainly in Russia and Brazil) have been received, and the transfer of these activities to General Electric was completed for a capital gain of €77 million during the year.

ALSTOM

B. ACCOUNTING POLICIES AND USE OF ESTIMATES

NOTE 2. ACCOUNTING POLICIES

2.1 Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2017, are presented in millions of Euros and have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union and whose application was mandatory as at 31 March 2017;
- using the same accounting policies and measurement methods as at 31 March 2016, with the exceptions of:
  - changes required by the enforcement of new standards and interpretations presented in the following paragraph 2.1.1
  - changes of presentation adopted by Alstom to better reflect the Group's financial performance : reclassification of sustaining costs from Costs of sales to Research and Development for €(36) million as of 31 March 2017 and for €(29) million as of 31 March 2016, especially for signalling activities.

The full set of standards endorsed by the European Union can be consulted on the website of the European Commission at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.1.1 New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2016

Several amendments are applicable at 1 April 2016:

- Accounting for acquisitions of interest in joint operations (amendments to IFRS 11);
- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38);
- Annual Improvements to IFRS 2012-2014 Cycle;
- Disclosure initiative (amendments to IAS 1).

All these amendments effective at 1 April 2016 for Alstom do not have any material impact on the Group's consolidated financial statements.

2.1.2 New standards and interpretations not yet mandatorily applicable

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

- IFRS15 Revenue from contracts with customers:

Context

On 22 September 2016, European Union endorsed IFRS15 Revenue from Contracts with Customers (issued by IASB on 28 May 2014), which supersedes IAS11 on Construction Contracts and IAS18 on Revenue for the sale of goods and services rendered, as well as other related interpretations. The new standard will become effective for Alstom for fiscal years beginning on 1 April 2018.

Transition method elected

Alstom has elected to apply the full retrospective method. Alstom will provide a consistent view of historical trend. Comparative consolidated financial information for year ended 31 March 2018 will be restated on a consistent basis with information for year ended 31 March 2019 accounted for under IFRS15 standard.

Impacts under current assessment

Based on analyses performed so far, Alstom achieved several interpretative conclusions:

- The new standard will not affect the cash position on the contracts and, as such, does not affect the economics of the underlying customer contracts.
- The identification of performance obligations does not lead to significant changes versus current practice contract follow up.
- Most of our construction contracts as well as long term service agreements fulfill the requirements for revenue recognition over time and will remain accounted for under the percentage of completion method. Nevertheless, the percentage of completion method used by Alstom will change: currently, the stage of completion on construction contracts and long term service agreements is assessed upon the milestones method which ascertain the completion of a physical proportion of the contract work or the performance of services provided in the agreement. Under IFRS15, the percentage of completion method retained will be the cost to cost method: revenue will be recognized on the basis of the entity's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. Alstom is currently assessing the impacts of the above method changes on timing of revenue and margin recognition.
- Changes to the balance sheet are expected: with respect to construction contracts and long-term service agreements, the current net aggregate amounts of costs incurred to date plus recognized margin less progress billings determined on a contract-by-contract basis included in "Construction contracts in progress, assets" or "Construction contracts in progress, liabilities" depending on whether positive or negative will be notably restated to new aggregates called "contract assets and contract liabilities".
- Alstom is also assessing whether the new standard will result in significant impacts in respect of the estimation in the transaction price of certain variable consideration (such as price escalation for example).
- So far, no significant financial component on orders has been identified as timing of cash receipts and revenue recognition under new method do not differ substantially.
- Finally, quantitative and qualitative disclosures will be added mainly on orders and backlog.

The impact of IFRS 15 transition could lead to a reduction in retained earnings as of April 2017. Further updates will be provided during the course of the financial year 2017/2018 as assessments are progressing.

- Financial instruments:
  - Classification and measurement of financial assets (IFRS 9);
  - Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39;
  - Mandatory effective and transition guidance (amendments to IFRS 9 and IFRS 7).

All these amendments will be effective at 1 April 2018 for Alstom and the potential impacts of these new pronouncements are currently being analysed.

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

- Leases (IFRS 16): the standard will be applicable for annual periods beginning after 1 January 2019;
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12): the amendment will be applicable for annual periods beginning after 1 January 2017;
- Disclosure Initiative (Amendments to IAS 7): the amendment will be applicable for annual periods beginning after 1 January 2017;
- Classification and measurement of transactions whose the payment is based on shares (amendments to IFRS 2) ; this amendment will be effective for annual periods beginning after 1 January 2018;
- Annual improvements to IFRS 2014-2016 Cycle: these amendments will be effective for annual periods beginning after 1 January 2017 or 2018;
- IFRIC 22 interpretation on foreign currency transactions and advance consideration: this interpretation will be applicable for annual periods beginning after 1 January 2018.

IFRS16 potential impacts are currently being analysed. Other new standards are not expected to have significant impacts when endorsed.

2.2 Use of estimates

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

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

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

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

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

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

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

Estimate of provisions relating to litigations

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

Valuation of deferred tax assets

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

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

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

Valuation of assets

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

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

Inventories

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

2.3 Significant accounting policies

2.3.1 Consolidation methods

Subsidiaries

Subsidiaries are entities over which the Group exercises control.

The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns.

Subsidiaries are fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Inter-company balances and transactions are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified in a specific line of the equity named "Non-controlling interests". Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. In the absence of explicit agreements to the contrary, subsidiaries' losses are systematically allocated between equity holders of the parent and non-controlling interests based on their respective ownership interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are considered as transactions between shareholders and accounted for in equity.

Joint arrangements

Joint arrangements are the entities over which the Group has joint control.

The Group jointly controls an entity when decisions relating to the relevant activities of that entity require unanimous consent of the Group and the other parties who share control.

A joint arrangement is classified either as a joint operation or as a joint venture. The classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances (see also Note 13):

- **Joint operations**

Joint operations are entities in which the Group has rights to the assets and obligations for the liabilities.

The Group recognises the assets, liabilities, revenues and expenses related to its interests in the joint operation. A joint operation may be conducted under a separate vehicle or not.

- **Joint ventures**

Joint ventures are entities in which the Group only has rights to the net assets.

Interests in joint ventures are consolidated under the equity method as described in the paragraph below.

Investments in associates

Associates are entities over which the Group has significant influence. In other words, the Group has the possibility to participate in decisions related to these entities' financial and operating policies without having control (exclusive or joint).

Generally, the existence of significant influence is consistent with a level of voting right held by the Group between 20% and 50%.

If need be, accounting policies of associates will be standardized with the Group accounting policies.

Interests in associates are consolidated under the equity method in the consolidated financial statements as described in the paragraph below.

Equity method

The Group accounts for its interests in associates and joint ventures under the equity method. Wherever necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with the IFRS framework.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. In case of an associate or joint venture purchased by stage, the Group uses the cost method to account for changes from available for sale (AFS) category to "Investments in joint ventures and associates".

Associates and joint ventures are presented in the specific line "Investments in joint ventures and associates" of the balance sheet, and the Group's share of its associates' profits or losses is recognized in the line "Share of net income of equity-accounted investments" of the income statement whereas its share of post-acquisition movements in reserves is recognized in reserves.

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

The impairment expense of investments in associates and joint ventures is recorded in the line "Share of net income of equity-accounted investments" of the income statement.

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

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

2.3.2 Cash flow hedge

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

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

2.3.3 Translation of financial statements denominated in currencies other than euro

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

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

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

2.3.4 Business combinations

Business combinations completed between the 1 January 2004 and the 31 March 2010 have been recognised applying the provisions of the previous version of IFRS 3.

Business combinations completed from the 1 April 2010 onwards are recognised in accordance with IFRS 3R.

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

For each business combination, any non-controlling interest in the acquiree may be measured:

- either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's share of goodwill (full goodwill method) or
- either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Acquisition-related costs are recorded as an expense as incurred.

Goodwill arising from a business combination is measured as the difference between:

- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree and;
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

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

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

In case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

2.3.5 Sales and costs generated by operating activities

Measurement of sales and costs

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

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

Production costs include direct costs (such as material, labour and warranty costs) and indirect costs. Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years. Selling and administrative expenses are excluded from production costs.

Recognition of sales and costs

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

Revenue on construction contracts and long-term service agreements is recognised according to IAS 11 based on the percentage of completion method: the stage of completion is assessed by milestones which ascertain the completion of a physical proportion of the contract work or the performance of services provided for in the agreement. The revenue for the period is the excess of revenue measured according to the percentage of completion over the revenue recognised in prior periods.

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

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

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Bid costs are directly recorded as expenses when a contract is not secured.

2.3.6 Impairment of goodwill, tangible and intangible assets

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

The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. If the recoverable amount of an asset or a cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in the income statement. In the case of goodwill allocated to a group of CGUs, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for a cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is elected as representative of the recoverable value. The valuation performed is based upon the Group's internal three-year business plan. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rates are determined using the weighted-average cost of capital.

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

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C. SEGMENT INFORMATION

NOTE 3. SEGMENT INFORMATION

The Group organization, customer focused and also influenced by an increasing number of integrated services, leading to complete and turnkey solutions, leads to present financial information issued through various axes of analysis (regions, sites, contracts, functions and products). None of these axes allow for a comprehensive operating profit and loss measure nor segment assets and liabilities.

The segment information issued to the Alstom Executive Committee, identified as the Group's Chief Operating Decisions Maker (CODM) presents Key performance Indicators at Group level. Strategic decisions and resource allocation are driven based on this reporting. The segment information has been adapted according to a similar method as those used to prepare the consolidated financial statements.

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

3.1 Sales by product

(in € million)	Year ended 31 March 2017	Year ended 31 March 2016
Rolling stock	3,170	3,146
Services	1,468	1,544
Systems	1,286	1,015
Signalling	1,382	1,162
Other	-	14
TOTAL GROUP	**7,306**	**6,881**

3.2 Key indicators by geographic area

Sales by country of destination

(in € million)	Year ended 31 March 2017	Year ended 31 March 2016
Europe	4,104	4,098
of which France	*1,372*	*1,303*
Americas	1,247	1,055
Asia & Pacific	702	673
Middle-East & Africa	1,253	1,055
TOTAL GROUP	**7,306**	**6,881**

Non-current assets by country of origin

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

(in € million)	At 31 March 2017	At 31 March 2016
Europe	1,275	1,137
of which France	*548*	*504*
Americas	170	168
Asia / Pacific	180	150
Middle East / Africa	60	58
Total excluding alliances and goodwill	**1,685**	**1,513**
Alliances and goodwill	**3,838**	**3,603**
TOTAL GROUP	**5,523**	**5,116**

3.3 Information about major customers

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

D. OTHER INCOME STATEMENT

NOTE 4. RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is expensed as incurred. Development costs are expensed as incurred unless the project they relate to meets the criteria for capitalisation (see Note 11). Research and Development costs cover also product sustainability costs booked when incurred.

	Year ended	
(in € million)	**31 March 2017**	**31 March 2016**
Research and development gross cost	(248)	(226)
Funding received	51	41
Research and development spending, net	**(197)**	**(185)**
Development costs capitalised during the period	70	73
Amortisation expense of capitalised development costs	(48)	(53)
RESEARCH AND DEVELOPMENT EXPENSES (IN P&L) (*)	**(175)**	**(165)**

* includes the reclassification of Signalling business sustaining costs from Cost of Sales to Research and Development for €(29) million as of 31 March 2016 and €(36) million as of 31 March 2017.

During the year, Alstom mainly invested in development of several Research and Development programs, notably:

- the new generation of Coradia™ regional trains;
- the zero-emission train Coradia™ iLint, powered by a hydrogen fuel cell;
- the 'Very high-speed train' Avelia™, through its joint venture SpeedInnov;
- the EU Shift2Rail program;
- and APTIS™, a new 100% electric mobility solution jointly developed with its joint venture NTL.

Moreover, the group develops new digital technologies notably concerning urban and mainline signalling solutions.

NOTE 5. SELLING AND ADMINISTRATIVE EXPENSES

Selling Costs are expenses incurred in the marketing and selling of a product or a service. Selling Costs typically include expenditure in the following departments: Market & Strategy, Sales & Business Development and Communication as well as the direct labour costs of operational population such as engineering working on the tendering phase.

Administrative Costs are structure and operational support costs. Administrative Costs include mostly expenditure of Headquarter and sites with a transverse role, in particular Finance, Human Resources, Legal and Information Systems departments.

Selling and administrative expenses are recognized in charges as incurred.

Selling and administrative expenses are stable between 31 March 16 and 31 March 2017 despite the increase of order backlog and sales but thanks to the geographical reorganization of support functions.

NOTE 6. OTHER INCOME AND OTHER EXPENSES

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

Other income may include capital gains on disposal of investments or activities and capital gains on disposal of tangible and intangible assets arising from activities disposed or facing restructuring plans, any income associated to past disposals as well as a portion of post-employment and other long-term defined employee benefits (plan amendments, impact of curtailments and settlements and actuarial gains on long-term benefits other than post-employment benefits).

Other expenses include capital losses on disposal of investments or activities and capital losses on disposal of tangible and intangible assets relating to activities facing restructuring plans as well as any costs associated to past disposals, restructuring costs, rationalisation costs, significant impairment losses on assets, costs incurred to realize business combinations and amortisation expense of assets exclusively acquired in the context of business combinations (technology, customer relationship, margin in backlog, margin on inventory), litigation costs that have arisen outside the ordinary course of business and a portion of post-employment and other long-term defined benefit expense.

	Year ended	
(in € million)	**31 March 2017**	**31 March 2016**
Capital gains / (losses) on disposal of business	2	38
Restructuring and rationalisation costs	(6)	(138)
Impairment loss and other	(59)	(492)
OTHER INCOME / (EXPENSE)	**(63)**	**(592)**

As at 31 March 2017, impairment loss and other represent mainly:

- €(35) million including amortization of assets related to Purchase Price Allocation of SSL and GE Signalling business combination as well as integration & acquisition costs linked to GE Signalling;
- €(18) million including net costs and re-measurement associated with legal proceedings (arisen outside of the ordinary course of business) and pension plan curtailments;
- €(6) million of impairment of assets.

NOTE 7. FINANCIAL INCOME (EXPENSE)

Financial income and expense include:

- Interest income representing the remuneration of the cash position;
- Interest expense related to the financial debt (financial debt consists of bonds, other borrowings and lease-financing liabilities);
- Other expenses paid to financial institutions for financing operations;
- Cost of commercial and financial foreign exchange hedging (forward points);
- The financial component of the employee defined benefits expense (net interest income (expenses) and administration costs).

	Year ended	
(in € million)	**31 March 2017**	**31 March 2016**
Interest income	10	11
Interest expense on borrowings	(87)	(225)
NET FINANCIAL INCOME/(EXPENSES) ON DEBT	**(77)**	**(214)**
Interest expense recharged to the discontinued operations	-	53
Net cost of foreign exchange hedging	(29)	(63)
Net financial expense from employee defined benefit plans	(12)	(10)
Other financial income/(expense)	(9)	(41)
NET FINANCIAL INCOME/(EXPENSES)	**(127)**	**(275)**

Net financial income/(expenses) on debt represent the cost of borrowings net of income from cash and cash equivalents. As at 31 March 2017, interest income totals €10 million, representing the remuneration of the Group's cash positions over the period, while interest expenses total €(87) million which correspond to cost of the external gross financial debt of the Group.

The net cost of foreign exchange hedging of €(29) million includes :

- for €(11) million : primarily the cost of carry (unrealized and realized forward points) of foreign exchange hedging implemented to hedge the intercompany loans, deposits and cash pooling positions ;
- for €(18) million: primarily the cost of carry (unrealized and realized forward points) of foreign exchange hedging implemented to hedge the exposures in foreign currency arising from commercial contracts

The net financial expense from employee defined benefit plans of €(12) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate.

Other net financial income/expenses of €(9) million include mainly bank fees and commitment fees paid on bonds and guarantees facilities, syndicated loans and revolving facilities.

NOTE 8. TAXATION

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

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

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified for each taxable entity (or each tax group when applicable). Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain taxable temporary differences between the Group's share in the net assets in subsidiaries, joint arrangements and associates and their tax bases. The most common situation when such exception applies relates to undistributed profits of subsidiaries where distribution to the shareholders would trigger a tax liability: when the Group has determined that profits retained by the subsidiary will not be distributed in the foreseeable future, no deferred tax liability is recognised. Nevertheless, the exception is no more applicable to investments/subsidiaries being disposed since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Therefore, in this specific case, deferred tax liabilities are recognised.

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

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

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

8.1 Analysis of income tax charge

The following table summarises the components of income tax charge:

	Year ended	
(in € million)	31 March 2017	31 March 2016
Current income tax charge	(100)	(67)
Deferred income tax charge	24	(530)
INCOME TAX CHARGE	**(76)**	**(597)**

The following table provides reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge, free of the temporary additional contributions:

	Year ended	
(in € million)	31 March 2017	31 March 2016
Pre-tax income	**231**	**(501)**
Statutory income tax rate of the parent company	34.43%	34.43%
Expected tax charge	**(80)**	**172**
Impact of:		
- Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	32	19
- Changes in unrecognised deferred tax assets	(6)	(702)
- Changes in tax rates	(2)	(9)
- Additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(23)	(21)
- Permanent differences and other	3	(56)
INCOME TAX CHARGE	**(76)**	**(597)**
Effective tax rate	**33%**	-

The Group has taken into account for the financial year 2016/2017 the change in the current tax rate in France, which should occur as of 1st April 2020 for Alstom. The impact of the current tax rate change on the Group net profit is not significant, considering the limited amount of recognised deferred tax assets in France.

8.2 Deferred tax assets and liabilities

	Year ended	
(in € million)	31 March 2017	31 March 2016
Deferred tax assets	189	242
Deferred tax liabilities	(23)	(52)
DEFERRED TAX ASSETS, NET	**166**	**190**

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

(in € million)	At 31 March 2016	Change in P&L	Change in equity (*)	Translation adjustments and other changes	At 31 March 2017
Differences between carrying amount and tax basis of tangible and intangible assets	15	(12)	-	(49)	(46)
Accruals for employee benefit costs not yet deductible	32	7	4	1	44
Provisions and other accruals not yet deductible	73	23	-	(5)	91
Differences in recognition of margin on construction contracts	(24)	(25)	-	(3)	(52)
Tax loss carry forwards	87	40	-	5	132
Other	7	(9)	-	(1)	(3)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**190**	**24**	**4**	**(52)**	**166**

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

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

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

The assessment of the ability to recover net deferred tax assets at 31 March 2017 (€166 million) is based on an extrapolation of the latest three-year business plan and a strategy of five years maximum recovery of tax losses in each country.

Unrecognised deferred tax assets amounts to €1,312 million at 31 March 2017 (€1,125 million at 31 March 2016). Most of these unrecognised deferred taxes are originated from tax losses carried forward (€809 million at 31 March 2017 vs €791 million at 31 March 2016), out of which €632 million are not subject to expiry at 31 March 2017 (€606 million at 31 March 2016).

NOTE 9. FINANCIAL STATEMENTS OF DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

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

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

In compliance with IFRS 5, the Group applies 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, are measured at the lower of their carrying amount and fair value less costs to sell;
- Consequently, goodwill, tangible and intangible assets are no longer reviewed for impairment;
- The exception of IAS 12 consisting in not recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities are recognised with an income statement impact presented within the "Net profit from discontinued operations";
- Amortisation on non-current assets classified as "assets held for sale" ceases at the date of IFRS 5 application;
- Costs specifically incurred in the context of the deal are presented in the P&L within the "Net profit from discontinued operations";
- All intercompany balance-sheet and income statement positions are eliminated.

9.1 Net profit of discontinued operations

Authorizations required from a regulatory and merger control standpoint, related to "staggered and delayed transferred assets" at the end of financial year March 2016, have been obtained, mainly in Russia and Brazil for financial year ended March 2017. The capital gain net of tax has been recognized under the line "Net profit from discontinued operations" for €77 million.

Furthermore, the line "Net profit from discontinued operations", recognized in the Consolidated Income Statement, includes the operations of staggered and delayed transferred assets upon effective transfer, the costs directly related to the disposal transaction of Energy activities and the estimation of future liabilities.

9.2 Financial statements of discontinued operations

As at 31 March 2017, only one Chinese entity remains accounted for as assets (and related liabilities) held for sale, while waiting for the precedent condition to be met. The Group has already been compensated within the transaction price for €3 million, accounted for as liabilities related to assets held for sale, for those "staggered and delayed transferred assets".

Balance sheet

(in € million)	At 31 March 2017	At 31 March 2016
Total non-current assets	4	17
Total current assets	6	23
Cash and cash equivalents	-	1
TOTAL ASSETS HELD FOR SALE	**10**	**41**

(in € million)	At 31 March 2017	At 31 March 2016
Total non-current liabilities (excluding financial debt)	-	22
Total current liabilities (excluding financial debt)	4	16
Financial debt	3	77
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**7**	**115**

Aggregated statement of cash-flow

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

	Year ended	
(in € million)	31 March 2017	31 March 2016
Operating flows provided / (used) by discontinued operations	(7)	(1,568)
Investing flows provided / (used) by discontinued operations	(68)	(932)
Financing flows provided / (used) by discontinued operations	3	1,949

Contingent liabilities

Upon completion of the General Electric transaction, the bonds issued to support the Energy business have been generally transferred to General Electric, which has taken over the relating parental counter guarantees. However, as of 31 March 2017, this transfer remains in progress for bonds and sureties amounting to €0.1 billion.

In addition, the Group remains, in close relationship with General Electric, in the process of obtaining the release of some conditional and unconditional parent company guarantees formerly issued, mainly by Alstom Holdings SA, to cover obligations of the former Energy affiliates in an amount of €14.5 billion.

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

NOTE 10. EARNINGS PER SHARE

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

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

10.1 Earnings

	Year ended	
(in € million)	31 March 2017	31 March 2016
Net Profit attributable to equity holders of the parent :		
• From continuing operations	223	(1,083)
• From discontinued operations	66	4,084
EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**289**	**3,001**

10.2 Number of shares

	Year ended	
number of shares	31 March 2017	31 March 2016
Weighted average number of ordinary shares used to calculate basic earnings per share	**219,322,035**	**295,034,182**
Effect of dilutive instruments other than bonds reimbursable with shares:		
• Stock options and performance shares (LTI plan)	3,818,476	2,476,084
- Performance shares (Alstom Sharing plans)	-	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED TO CALCULATE DILUTED EARNINGS PER SHARES	**223,140,511**	**297,510,266**

10.3 Earnings per share

	Year ended	
(in €)	31 March 2017	31 March 2016
Basic earnings per share	1.32	10.17
Diluted earnings per share	1.30	10.09
Basic earnings per share from continuing operations	1.02	(3.67)
Diluted earnings per share from continuing operations	1.00	(3.64)
Basic earnings per share from discontinued operations	0.30	13.84
Diluted earnings per share from discontinued operations	0.30	13.73

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E. NON-CURRENT ASSETS

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

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

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

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

11.1 Goodwill

(in € million)	At 31 March 2016	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2017
GOODWILL	**1,366**	**113**	**-**	**34**	**1,513**
Of which:					
Gross value	1,366	113	-	34	1,513
Impairment	-	-	-	-	-

Movements over the period ended 31 March 2017 mainly arose from:

- the adjustment in the calculation of the goodwill of GE Signalling for an amount of €64 million, at the end of the period of twelve months from the acquisition date (see Note 1.3.1);
- the preliminary calculation of the goodwill of Nomad (see Note 1.1) for an amount of €31 million.

In addition, the Group recognized additional goodwill following acquisitions that occurred over the period, for an amount of €18 million. These acquisitions are not significant on an individual basis.

Goodwill impairment test

As of 31 March 2017, Alstom tested the value of goodwill applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount exceeded its carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use is determined as the discounted value of future cash flows by using cash flow projections for the next three years consistent with the Group's internal business plan, the extrapolation of the two following years and the most recent forecasts prepared by the Group.
The value in use is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the discount rate after tax, the long-term growth rate and the terminal value Adjusted EBIT margin (corresponding to the ratio aEBIT over Sales).

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The indicator “aEBIT” corresponds to EBIT adjusted with the following elements:

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

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

Net carrying amount of goodwill at 31 Mars 2017 (in € million)	1,513
Value elected as representative of the recoverable value	value in use
Number of years over which cash flow estimates are available	3 years
Extrapolation period of cash flow estimates	2 years
Long-term growth rate at 31 Mars 2017	**1.5%**
Long-term growth rate at 31 Mars 2016	1.5%
After tax discount rate at 31 Mars 2017 (*)	**8.5%**
After tax discount rate at 31 Mars 2016 (*)	8.5%

(*) The application of pre-tax discount rates to pre-tax cash flows leads to the same valuation of Cash Generating Units.

Discount rate is based on weighted average cost of capital (WACC) which is calculated for the Group based on a risk-free rate and a market risk premium. The current market assessment of the risks specific to Group activity is reflected by taking into account specific peer group information on industry beta, leverage and cost of debt. The parameters for calculating the discount rate are based on external sources of information.

Sensitivity of the values in use to key assumptions can be presented as follows:

(in € million)		
aEBIT Margin	*-25 bp*	*+25 bp*
	(153)	153
After tax discount rate	*-25 bp*	*+25 bp*
	205	(190)
Long-term growth rate	*-10 bp*	*+10 bp*
	(62)	64

As of 31 March 2017, the recoverable amount exceeded its carrying value and the sensitivity of the values in use to key assumptions support the Group’s opinion that goodwill is not impaired.

11.2 Intangible assets

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

Acquired intangible assets

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

Internally generated intangible assets

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

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

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

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

(in € million)	At 31 March 2016	Additions / disposals / amortizations	Other changes of which translation adjustments and scope	At 31 March 2017
Development costs	1,115	70	(14)	1,171
Other intangible assets	325	3	49	377
Gross value	**1,440**	**73**	**35**	**1,548**
Development costs	(905)	(48)	12	(941)
Other intangible assets	(148)	(36)	(28)	(212)
Amortisation and impairment	**(1,053)**	**(84)**	**(16)**	**(1,153)**
Development costs	210	22	(2)	230
Other intangible assets	177	(33)	21	165
NET VALUE	**387**	**(11)**	**19**	**395**

(in € million)	At 31 mars 2015	Additions / disposals / amortizations	Other changes of which translation adjustments and scope	At 31 mars 2016
Development costs	1,039	68	8	1,115
Other intangible assets	168	(8)	165	325
Gross value	**1,207**	**60**	**173**	**1,440**
Development costs	(662)	(239)	(4)	(905)
Other intangible assets	(101)	(41)	(6)	(148)
Amortisation and impairment	**(763)**	**(280)**	**(10)**	**(1,053)**
Development costs	377	(171)	4	210
Other intangible assets	67	(49)	159	177
NET VALUE	**444**	**(220)**	**163**	**387**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

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

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

	Estimated useful life in years

Buildings	7-40
Machinery and equipment	3-25
Tools, furniture, fixtures and others	1-10

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

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

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

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

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

(in € million)	At 31 March 2016	Acquisitions/ amortizations / impairments	Disposals	Other changes of which translation adjustments and scope	At 31 March 2017
Land	87	3	(1)	(1)	88
Buildings	688	23	(3)	37	745
Machinery and equipment	727	38	(10)	15	770
Constructions in progress	58	61	-	(12)	107
Tools, furniture, fixtures and other	257	9	(4)	(29)	233
Gross value	**1,817**	**134**	**(18)**	**10**	**1,943**
Land	(9)	-	-	-	(9)
Buildings	(405)	(24)	2	(5)	(432)
Machinery and equipment	(553)	(36)	10	11	(568)
Constructions in progress	(15)	(1)	-	2	(14)
Tools, furniture, fixtures and other	(180)	(10)	4	15	(171)
Amortisation and impairment	**(1,162)**	**(71)**	**16**	**23**	**(1,194)**
Land	78	3	(1)	(1)	79
Buildings	283	(1)	(1)	32	313
Machinery and equipment	174	2	-	26	202
Constructions in progress	43	60	-	(10)	93
Tools, furniture, fixtures and other	77	(1)	-	(14)	62
NET VALUE	**655**	**63**	**(2)**	**33**	**749**

(in € million)	At 31 March 2015	Acquisitions/ amortizations / impairments	Disposals	Other changes of which translation adjustments and scope	At 31 March 2016
Land	53	31	(2)	5	87
Buildings	629	58	(19)	20	688
Machinery and equipment	719	30	(30)	8	727
Constructions in progress	53	14	-	(9)	58
Tools, furniture, fixtures and other	234	22	(16)	17	257
Gross value	**1,687**	**155**	**(67)**	**42**	**1,817**
Land	(8)	(2)	(1)	2	(9)
Buildings	(318)	(96)	15	(6)	(405)
Machinery and equipment	(526)	(58)	26	5	(553)
Constructions in progress	(9)	(6)	-	-	(15)
Tools, furniture, fixtures and other	(171)	(28)	15	4	(180)
Amortisation and impairment	**(1,031)**	**(190)**	**55**	**4**	**(1,162)**
Land	45	29	(3)	7	78
Buildings	311	(38)	(4)	14	283
Machinery and equipment	193	(28)	(4)	13	174
Constructions in progress	44	8	-	(9)	43
Tools, furniture, fixtures and other	63	(6)	(1)	21	77
NET VALUE	**656**	**(35)**	**(12)**	**46**	**655**

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

(in € million)	At 31 March 2017	At 31 March 2016
Land	3	5
Buildings	15	21
Machinery and equipment	-	-
Tools, furniture, fixtures and other	1	2
NET VALUE OF TANGIBLE ASSETS HELD UNDER FINANCE LEASES	**19**	**28**

The Group continues to adapt and modernize its organization around the world, notably with the construction of new manufacturing sites in India and in South Africa. This mainly contributes to the commitments of fixed assets amounting to €75 million at 31 March 2017.

NOTE 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Financial information

	Share in equity		Share of net income	
			Year ended	
(in € million)	At 31 March 2017	At 31 March 2016	31 March 2017	31 March 2016
Grid Alliance	1,395	1,478	(78)	(15)
Renewable Alliance	(317)	547	(884)	(38)
Nuclear Alliance	(40)	117	(170)	(1)
Put on Alliances	1,287	94	1,222	91
Energy Alliances	*2,325*	*2,236*	*90*	*37*
The Breakers Investments B.V.	281	214	8	(10)
Other	89	101	(10)	24
Other Associates	*370*	*315*	*(2)*	*14*
Associates	**2,695**	**2,551**	**88**	**51**
Joint ventures	**60**	**37**	**(5)**	**(25)**
TOTAL	**2,755**	**2,588**	**83**	**26**
Of which continued			82	*30*
Of which discontinued			1	*(4)*

At 31 March 2017, the main variations are as follows:

* Energy Alliances : as the exit price is guaranteed with the put option mechanism, the decrease in the Alliances value is balanced with the increase of the put option value (see note 13.1);
* The Breakers Investments B.V: the variation is mainly due to the currency translation effect for € 59 million over the period.

Movements during the period

(in € million)	At 31 March 2017	At 31 March 2016
Opening balance	**2,588**	**327**
Share in net income of equity-accounted investments	83	26
Dividends	(8)	(21)
Acquisitions	32	2,314
Changes in consolidation method	-	12
Translation adjustments and other	60	(70)
CLOSING BALANCE	**2,755**	**2,588**

At 31 March 2017, Alstom invested into an increase in capital in SpeedInnov for €32 million during October 2016 (see Note 13.4).

13.1 The three Energy Alliances

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

* combination of Alstom Grid and General Electric Digital Energy businesses (“Grid Alliance”);
* Alstom’s hydro, offshore wind and tidal businesses (“Renewable Alliance”);
* Global Nuclear & French Steam production assets for servicing of the “Arabelle” steam turbine equipment for nuclear power plants worldwide and servicing for applications in France (“Nuclear Alliance”).

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

	JV Nuclear (Global Nuclear and French Steam)	**JV Grid (Alstom Grid + GE Digital Energy)**	**JV Renewable (Hydro + offshore Renewable)**
Alstom initial investment in capital	€0.1 billion 20% - one share	€1.7 billion 50% - one share	€0.6 billion 50% - one share
Alstom voting rights	50% - 2 votes	50% - one share	50% - one share
Governance (Board)	Alstom : 50% - one member GE : 50% French State : 1 member CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)	Alstom : 50% GE : 50% CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)	Alstom : 50% GE : 50% CEO nominated by GE has a casting vote on main operational and financial decisions (approval budget, strategic matters, dividends…)
Specific rights	French State : Veto Right on specific issues	Alstom consent protective rights (material amendments, changing shares, material related party transactions, …)	Alstom consent protective rights (material amendments, changing shares, material related party transactions, …)
Put option	Lock up period : 5 years Put option to sell its shares to	If no IPO completed by 1 September 2018 or 2019,	If no IPO completed by 1 September 2018 or 2019,

	GE during first quarter following the 5th and 6th year Exit value : highest of minimum acquisition price + 2% per year or fair value (based on contractual multiple x operating results)	Alstom can exercise the put at any time between 1 and 30 September 2018 or 1 and 30 September 2019. Exit value : highest between Minimum acquisition price + 3% per year or fair value (based on contractual multiple x operating results)	Alstom can exercise the put at any time between 1 and 30 September 2018 or 1 and 30 September 2019. Exit value : highest between Minimum acquisition price + 3% per year or fair value (based on contractual multiple x operating results)
Call option	If Alstom exercises its put options in the JV Grid and the JV Renewable, at any time during two months GE has a call on the Nuclear JV		Call option to buy GE's shares (60% up to 100%) at any time between 1 and 31 May on 2016 to 2019

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

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

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

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

As the ultimate exit price is guaranteed in euro:

- the capital gain arising from the disposal price evaluation as well as the amortization of the time value are recognized over the holding period of the shares : the amount for the financial year 2016/2017 is €90 million;
- the change in fair value of put options, qualified as a cash flow hedge, is recognized as follows:
    - €(31) million in other comprehensive income (of which €(28) million related to translation adjustment and to actuarial gains & losses symetrically to the hedged associates);
    - €1,132 million in the income statement symetrically to the result of Alliances on the period.

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

Balance sheet

(in € million)	At 31 December 2016		
	Grid Alliance	Renewable Alliance	Nuclear Alliance
Non-current assets	5 253	1 523	1 124
Current assets	4 459	813	1 749
Assets held for sale	-	-	-
TOTAL ASSETS	**9 712**	**2 336**	**2 873**
Equity-attributable to the owners of the parent company	2 511	(676)	(225)
Equity-attributable to non-controlling interests	482	30	-
Non-current liabilities	1 835	181	1 074
Current liabilities	4 884	2 801	2 024
Liabilities related to assets held for sale	-	-	-
TOTAL EQUITY AND LIABILITIES	**9 712**	**2 336**	**2 873**
Equity interest held by the Group	50%	50%	20%
NET ASSET	**1 256**	**(338)**	**(45)**
Goodwill	139	22	5
CARRYING VALUE OF THE GROUP'S INTERESTS	**1 395**	**(317)**	**(40)**

(in € million)	At 31 December 2015		
	Grid Alliance	Renewable Alliance	Nuclear Alliance
Non-current assets	4 365	2 953	1 405
Current assets	4 152	1 967	1 652
Assets held for sale	-	-	1
TOTAL ASSETS	**8 517**	**4 920**	**3 058**
Equity-attributable to the owners of the parent company	2 840	1 050	563
Equity-attributable to non-controlling interests	446	32	-
Non-current liabilities	1 152	459	1 074
Current liabilities	4 079	3 379	1 420
Liabilities related to assets held for sale	-	-	1
TOTAL EQUITY AND LIABILITIES	**8 517**	**4 920**	**3 058**
Equity interest held by the Group	50%	50%	20%
NET ASSET	**1 420**	**525**	**112**
Goodwill	58	22	5
CARRYING VALUE OF THE GROUP'S INTERESTS	**1 478**	**547**	**117**

Income statement

(in € million)	Year ended 31 December 2016		
	Grid Alliance	Renewable Alliance	Nuclear Alliance
Sales	4 601	606	1 142
Net income	(154)	(1 772)	(848)
Share of non-controlling interests	(3)	4	-
Net income attributable to the owners of the parent company	**(157)**	**(1 768)**	**(848)**
Other comprehensive income	(9)	41	59
TOTAL COMPREHENSIVE INCOME	**(166)**	**(1 727)**	**(789)**
Equity interest held by the Group	50%	50%	20%
GROUP'S SHARE IN THE NET INCOME	**(78)**	**(884)**	**(170)**

(in € million)	Year ended 31 December 2015 Grid Alliance	Renewable Alliance	Nuclear Alliance
Sales	577	49	140
Net income	(29)	(76)	(3)
Share of non-controlling interests	-	-	-
Net income attributable to the owners of the parent company	**(29)**	**(76)**	**(3)**
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	**(29)**	**(76)**	**(3)**
Equity interest held by the Group	50%	50%	20%
GROUP'S SHARE IN THE NET INCOME	**(15)**	**(38)**	**(1)**

13.2 The Breakers Investments B.V.

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

On 29 December 2015, Alstom purchased an additional 8% shares in Transmashholding (TMH) from the Russian Railways (RZD) for €54 million. Following the deal, Alstom's stake in TMH reaches 33%. Alstom has three seats in the TMH Board of Directors. Alstom has only a significant influence over TMH, this group is accounted for under the equity method.

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

Balance sheet and reconciliation on carrying value

(in € million)	At 31 December 2016	At 31 December 2015
Non-current assets	955	747
Current assets	1,381	874
TOTAL ASSETS	**2,336**	**1,621**
Equity-attributable to the owners of the parent company	853	675
Equity-attributable to non-controlling interests	158	148
Non current liabilities	173	122
Current liabilities	1,152	676
TOTAL EQUITY AND LIABILITIES	**2,336**	**1,621**
Equity interest held by the Group	33%	33%
Net asset of the Breakers Investments B.V.	**284**	**223**
Goodwill	85	68
Impairment of share in net asset of equity investments	(72)	(57)
Other (*)	(16)	(20)
CARRYING VALUE OF THE GROUP'S INTERESTS IN THE BREAKERS INVESTMENTS B.V	**281**	**214**

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

Income statement

(in € million)	Year ended 31 December 2016	Year ended 31 December 2015
Sales	1,725	1,391
Net income from continuing operations	26	5
Share of non-controlling interests	14	15
Net income attributable to the owners of the parent company	**40**	**20**
Other comprehensive income	-	(21)
TOTAL COMPREHENSIVE INCOME	**26**	**(16)**
Equity interest held by the Group	33%	25%
GROUP'S SHARE IN THE NET INCOME OF THE BREAKERS INVESTMENTS B.V	**13**	**5**
Other (*)	(5)	(15)
GROUP'S SHARE IN THE NET INCOME OF THE BREAKERS INVESTMENTS B.V	**8**	**(10)**

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

13.3 Other associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €84 million (of which €24 million of net profit) as well as other associates which are not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents €89 million as of 31 March 2017 (€101 million as of 31 March 2016).

13.4 Investment in joint-ventures

	Share in equity		Share of net income	
(in € million)	At 31 March 2017	At 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016
SpeedInnov JV	60	27	-	-
Other	-	10	(5)	(25)
JOINT VENTURES	**60**	**37**	**(5)**	**(25)**

Main movement is linked to Joint Venture called SpeedInnov in partnership with ADEME (*Agence De l'Environnement et de la Maîtrise de l'Energie*). In October 2016, Alstom invested into an increase in capital in SpeedInnov for €32 million. After the transaction, Alstom stake decreased from 69.0% to 65.10% with no change in consolidation method.

NOTE 14. NON-CONSOLIDATED INVESTMENTS

Entities over which the Group has no significant influence or when the value is not material are not consolidated. Investments in non-consolidated companies are designated as available-for-sale financial assets. They are initially measured at their fair value, plus directly attributable transaction costs and subsequently re-measured at fair value.

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

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

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

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

Movements during the period

(in € million)	At 31 March 2017	At 31 March 2016
Opening balance	38	36
Change in fair value (*)	-	-
Acquisitions	18	7
Translation adjustments and other	(1)	(5)
Transfer to assets held for sale	-	-
CLOSING BALANCE	**55**	**38**

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

In January 2017, Alstom has invested €14 million in EasyMile company, a French innovative start-up company developing the EZ10 electric driverless shuttle. In parallel, Alstom and EasyMile have signed a commercial partnership agreement aiming at joining their forces to provide integrated solutions for urban transportation.

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

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

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

(in € million)	At 31 March 2017	At 31 March 2016
Financial non-current assets associated to financial debt (*)	260	318
Long-term loans, deposits and other	56	83
OTHER NON-CURRENT ASSETS	**316**	**401**

(*) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Notes 27 and 34). They are made up as follows:

- at 31 March 2017, €244 million receivables and €16 million deposit;
- at 31 March 2016, €301 million receivables and €17 million deposit.

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F. WORKING CAPITAL

NOTE 16. WORKING CAPITAL ANALYSIS

(in € million)	At 31 March 2017	At 31 March 2016	Variation
Inventories	916	834	82
Construction contracts in progress, net	(1,652)	(1,303)	(349)
Trade receivables	1,693	1,613	80
Other current operating assets / (liabilities)	(309)	(363)	54
Provisions	(864)	(863)	(1)
Trade payables	(1,029)	(1,133)	104
WORKING CAPITAL	**(1,245)**	**(1,215)**	**(30)**

(in € million)	Year ended 31 March 2017
Working capital at the beginning of the period	**(1,215)**
Changes in working capital resulting from operating activities	(104)
Changes in working capital resulting from investing activities	7
Translation adjustments and other changes	67
Total changes in working capital	**(30)**
WORKING CAPITAL AT THE END OF THE PERIOD	**(1,245)**

NOTE 17. INVENTORIES

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

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

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

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

(in € million)	At 31 March 2017	At 31 March 2016
Raw materials and supplies	664	599
Work in progress	234	219
Finished products	130	121
Inventories, gross	**1,028**	**939**
Raw materials and supplies	(92)	(88)
Work in progress	(7)	(4)
Finished products	(13)	(13)
Write-down	**(112)**	**(105)**
INVENTORIES, NET	**916**	**834**

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NOTE 18. CONSTRUCTION CONTRACTS IN PROGRESS

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

The caption "Construction contracts in progress, liabilities" also includes down payments received from customers.

(in € million)	At 31 March 2017	At 31 March 2016	Variation
Construction contracts in progress, assets	2,834	2,356	478
Construction contracts in progress, liabilities	(4,486)	(3,659)	(827)
CONSTRUCTION CONTRACTS IN PROGRESS	**(1,652)**	**(1,303)**	**(349)**

(in € million)	At 31 March 2017	At 31 March 2016	Variation
Contracts costs incurred plus recognised profits less recognised losses to date	33,078	33,612	(534)
Less progress billings	(32,454)	(32,911)	457
Construction contracts in progress excluding down payments received from customers	**624**	**701**	**(77)**
Down payments received from customers	(2,276)	(2,004)	(272)
CONSTRUCTION CONTRACTS IN PROGRESS	**(1,652)**	**(1,303)**	**(349)**

NOTE 19. TRADE RECEIVABLES

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

Impairment losses are determined considering the risk of non-recovery assessed on a case by case basis. Due to the type of business operated by the Group, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is subject to clearance of items raised during inspection of works. Such receivables do remain fully recoverable; costs to be incurred for the clearance of pending items are included in the determination of the margin at completion of the related contracts.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights in a transaction under which substantially all the risks and rewards of the financial assets are transferred.

			Past due on the closing date		
(in € million)	Total	No past due on the closing date	Less than 60 days	Between 60 and 180 days	More than 180 days
At 31 March 2017	**1,693**	**1,175**	**167**	**88**	**263**
. o/w gross	1,715	1,189	167	88	271
. o/w impairment	(22)	(14)	-	-	(8)
At 31 March 2016	**1,613**	**1,190**	**156**	**76**	**191**
. o/w gross	1,655	1,190	156	76	233
. o/w impairment	(42)	-	-	-	(42)

NOTE 20. OTHER CURRENT OPERATING ASSETS

(in € million)	**At 31 March 2017**	**At 31 March 2016**
Down payments made to suppliers	96	85
Corporate income tax	80	171
Other taxes	209	127
Prepaid expenses	60	47
Other receivables	199	185
Derivatives relating to operating activities	290	191
Remeasurement of hedged firm commitments in foreign currency	431	312
OTHER CURRENT OPERATING ASSETS	**1,365**	**1,118**

Movements over the period ended 31 March 2017 mainly arose from derivatives (included Remeasurement of hedged firm commitments in foreign currency). In addition, over the period ended 31 March 2017, the Group entered into an agreement of assignment of receivables that leads to the derecognition of tax receivables for an amount of €122 million in accordance with IAS39 criteria.

NOTE 21. OTHER CURRENT OPERATING LIABILITIES

(in € million)	**At 31 March 2017**	**At 31 March 2016**
Staff and associated liabilities	461	429
Corporate income tax	23	26
Other taxes	79	66
Deferred income	-	8
Other payables	439	490
Derivatives relating to operating activities	487	290
Remeasurement of hedged firm commitments in foreign currency	185	172
OTHER CURRENT OPERATING LIABILITIES	**1,674**	**1,481**

Movements over the period ended 31 March 2017 mainly arose from derivatives (included Remeasurement of hedged firm commitments in foreign currency).

NOTE 22. PROVISIONS

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

Upon completion of the contract, such obligations are recognised as distinct liabilities when they satisfy the following criteria:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.

Obligations resulting from transactions other than construction contracts and long-term service agreements are directly recognised as provisions as soon as the above-mentioned criteria are met.

Where the effect of the time value of money is material, provisions are measured at their present value.

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

(in € million)	At 31 March 2016	Additions	Releases	Applications	Translation adjustments and other	At 31 March 2017
Warranties	105	92	(34)	(54)	-	109
Litigations, claims and others	103	58	(18)	(12)	10	141
Current provisions	**208**	**150**	**(52)**	**(66)**	**10**	**250**
Tax risks & litigations	214	34	(38)	(4)	9	215
Restructuring	70	3	(15)	(34)	1	25
Other non-current provisions	371	40	(14)	(18)	(5)	374
Non-current provisions	**655**	**77**	**(67)**	**(56)**	**5**	**614**
TOTAL PROVISIONS	**863**	**227**	**(119)**	**(122)**	**15**	**864**

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

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

Provisions for litigations, claims and others relate to operating risks that are not directly linked to contracts in progress.

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

Restructuring provisions derive from the footprint's adaptation.

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

Main disputes are described in Note 33.

G. EQUITY AND DIVIDENDS

NOTE 23. EQUITY

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimise the structure of the capital in order to reduce its cost.

To achieve this, the Group may choose to:

- adjust the amount of dividends paid to the shareholders;
- reimburse a portion of capital to the shareholders;
- issue new shares; or,
- sell assets in order to scale back its debt.

23.1 Movements in share capital

At 31 March 2017, the share capital of Alstom amounted to €1,537,982,810 consisting of 219,711,830 ordinary shares with a par value of €7 each. For the year ended 31 March 2017, the weighted average number of outstanding ordinary shares amounted to 219,322,035 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 223,140,511 after the effect of all dilutive instruments.

During the year ended 31 March 2017:

- 504 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 31 shares at a par value of €7. The 77,050 bonds reimbursable with shares outstanding at 31 March 2017 represent 4,839 shares to be issued;
- 214,918 of ordinary shares were issued under long term incentive plans;
- 369,837 of ordinary shares were issued under equity settled share based payments.

23.2 Currency translation adjustment

As at 31 March 2017, the currency translation reserve amounts to €(334) million.
The currency translation adjustment, presented within the consolidated statement of comprehensive income for €107 million, primarily reflects the effect of variations of the US Dollar (€(3) million), British Pound (€(15) million), Brazilian Real (€52 million), and Russian Federation Rouble (€58 million) against the Euro for the year ended 31 March 2017.

NOTE 24. DISTRIBUTION OF DIVIDENDS

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

- Year ended 31 March 2016 (decision of Shareholders' Meeting held on 5 July 2016): no dividend distributed;
- Year ended 31 March 2015 (decision of Shareholders' Meeting held on 30 June 2015): no dividend distributed;
- Year ended 31 March 2014 (decision of Shareholders' Meeting held on 1 July 2014): no dividend distributed.

H. FINANCING AND FINANCIAL RISK MANAGEMENT

NOTE 25. OTHER CURRENT FINANCIAL ASSETS

As at 31 March 2017, other non-current financial assets comprise the positive market value of derivatives instruments hedging loans, deposits and Group cash pooling positions.

(in € million)	At 31 March 2017	At 31 March 2016
Derivatives related to financing activities	8	22
OTHER CURRENT FINANCIAL ASSETS	**8**	**22**

NOTE 26. CASH AND CASH EQUIVALENTS

Cash equivalents are held to meet short-term cash commitments. In order to be considered as cash equivalent, an investment must be convertible to a known amount of cash within the coming three months and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

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

(in € million)	At 31 March 2017	At 31 March 2016
Cash	459	507
Cash equivalents	1,104	1,454
CASH AND CASH EQUIVALENT	**1,563**	**1,961**

Following the General Electric transaction on 2 November 2015, the Group diversified its asset management policy in order to limit its counterparty risk. In addition to bank open deposits classified as cash for €459 million, the Group invests in cash equivalents:

- Euro money market funds in an amount of €746 million (€1,143 million at 31 March 2016), qualified as "monetary" or "monetary short term" under the French AMF classification,
- Bank term deposits that can be terminated at any time with less than three months notification period in an amount of €358 million (€311 million at 31 March 2016).

NOTE 27. FINANCIAL DEBT

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

Carrying amount (in € million)	At 31 March 2017	At 31 March 2016
Bonds	1,519	1,970
Other borrowing facilities	175	115
Put options and earn-out on acquired entities	55	54
Derivatives relating to financing activities	12	18
Accrued interests	17	20
Borrowings	**1,778**	**2,177**
Non-current	*1,362*	*1,538*
Current	*416*	*639*
Obligations under finance leases	17	26
Other obligations under long-term rental (*)	244	301
Obligations under finance leases	**261**	**327**
Non-current	*233*	*280*
Current	*28*	*47*
TOTAL FINANCIAL DEBT	**2,039**	**2,504**

(*) The other obligations under long-term rental represent liabilities related to lease obligations on trains and associated equipment (see Notes 15 and 34).

Change in financial debt position between 31 March 2016 and 2017 mainly arises from the bond reimbursement for €453 million at maturity.

The following table summarises the remaining bonds maturity schedule:

	Initial Nominal value (in € million)	Maturity date	Nominal interest rate	Effective interest rate	Residual nominal value at 31 March 2017	Market value at 31 March 2017
Alstom October 2017	350	11/10/2017	2.25%	2.44%	272	275
Alstom October 2018	500	05/10/2018	3.63%	3.71%	371	391
Alstom July 2019	500	08/07/2019	3.00%	3.18%	282	300
Alstom March 2020	750	18/03/2020	4.50%	4.58%	594	670
TOTAL AND WEIGHTED AVERAGE RATE			**3.61%**	**3.72%**	**1,519**	**1,636**

Other borrowings consist in banking facilities drawn by affiliates.

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

(in € million)	At 31 March 2017	At 31 March 2016
Euro	1,585	2,005
Brazilian Real	68	24
British Pound	245	309
US Dollar	60	84
Other currencies	81	82
FINANCIAL DEBT IN NOMINAL VALUE	**2,039**	**2,504**

The external debt in GBP for €245 million essentially originates from a long-term lease scheme of trains, involving London Underground. The equivalent debt denominated in GBP is counter-balanced by long-term receivables having the same maturity and also denominated in GBP that are recognised as non-current assets (see Notes 15, 27 and 34).

NOTE 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

28.1 Financial instruments reported in the financial statements

The Group's financial liabilities encompass borrowings, trade and other payables.

The Group's financial assets include loans, trade and other receivables, other current assets and cash and cash equivalents.

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

The main valuation methods applied are as follows:

- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method;
- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity;
- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities, or their market value in the case of money market funds;
- the fair value of derivative instruments is calculated on the basis of relevant yield curves and foreign exchange rates at "mid-market" at closing date.

IFRS 13 application for "Fair Value Measurement", which requires counterparty risk to be taken into account in measuring derivative instruments, does not have a material impact on the Group's financial statements.

Year ended 31 March 2017

Balance sheet positions at 31 March 2017

			Carrying amount of financial instruments by categories (*)					Fair value of items classified as financial instruments			
At 31 March 2017 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	FV P/L	AFS	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	55	-	-	55	-	-	55	-	-	55	55
Other non-current assets	316	-	-	-	316	-	316	-	56	260	316
Trade receivables	1,693	-	-	-	1,693	-	1,693	-	1,693	-	1,693
Other current operating assets	1,365	445	431	-	199	290	920	-	920	-	920
Other current financial assets	8	-	-	-	-	8	8	-	8	-	8
Cash and cash equivalents	1,563	-	746	-	817	-	1,563	746	817	-	1,563
ASSETS	**5,000**	**445**	**1,177**	**55**	**3,025**	**298**	**4,555**	**746**	**3,494**	**315**	**4,555**
Non-current borrowings	1,362	-	-	-	1,362	-	1,362	1,361	115	-	1,476
Non-current obligations under finance leases	233	-	-	-	233	-	233	-	233	-	233
Current borrowings	416	-	-	-	404	12	416	275	145	-	420
Current obligations under finance leases	28	-	-	-	28	-	28	-	28	-	28
Trade payables	1,029	-	-	-	1,029	-	1,029	-	1,029	-	1,029
Other current operating liabilities	1,674	566	185	-	436	487	1,108	-	1,108	-	1,108
LIABILITIES	**4,742**	**566**	**185**	**-**	**3,492**	**499**	**4,176**	**1,636**	**2,658**	**-**	**4,294**

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

As mentioned in Note 13.1, there is a financial instrument (put) presented together with alliances in investments in associates disclosure.

ALSTOM

Financial income and expense arising from financial instruments for the year ended 31 March 2017

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	10	-	(87)	(77)
Interest income	*10*	-	-	*10*
Interest expense	-	-	*(87)*	*(87)*
Dividends	-	-	-	-
Impairment/loss from subsequent measurement	-	-	-	-
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(38)	(38)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2017	**10**	**-**	**(125)**	**(115)**

Year ended 31 March 2016

Balance sheet positions at 31 March 2016

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

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

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

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

(*) Excluding interest expense recharged to discontinued operations in application of the cash pool agreement

28.2 Currency risk management

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction.

Currency units held assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at date of payment as well as unrealised gains or losses deriving from re-measurement are recorded in the income statement.

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

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

Derivative are recognised and re-measured at fair value

Fair value hedge

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

Whatever the type of hedge, the ineffective portion on the hedging instrument is recognised in the income statement as well as realised and unrealised exchange gains and losses on hedged items and hedging instruments.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting. For a large Transport project located in South Africa, the hedged firm commitments resulting from the commercial contract are recognised on a forward rate basis. Provided that the corresponding hedging relationship qualifies for hedge accounting, the change in fair value of the hedged items recorded at the project forward rate at inception offsets the change in fair value of the derivatives.

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

Derivatives relating to financing activity

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

At 31 March 2017, net derivatives positions amount to a net liability of €(4) million and comprise mainly forward currency contracts of US Dollar, British Pound, Saudi Riyal and South African Rand.

(in € million)	Net derivatives positions	
Currency 1 / Currency 2 (*)	**Net notional**	**Fair value**
EUR/ZAR	(101)	(2)
EUR/USD	204	1
EUR/GBP	(292)	(3)
EUR/SAR	140	1
Other		(1)
NET DERIVATIVES RELATED TO FINANCING ACTIVITIES		**(4)**

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

Derivatives hedging commercial activity

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. The main currency triggering a significant exposure as of 31 March 2017 is primarily the US dollar.

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

Forward currency contracts are denominated in the same currency than the hedged item. Generally, the tenor of hedging derivatives matches with the tenor of the hedged items. However, the Group may decide depending on market conditions to enter into derivatives in shorter tenors and to roll them subsequently. Finally, in some cases, the Group can waive to be hedged because of the cost of the hedge or absence of efficient market.

The portfolio of operating of foreign exchange forward contracts has a weighted maturity of 1 year and 6 months. However some forward contracts may mature beyond five years to reflect the long term nature of some of the hedged contracts. The Group hedges about forty different currencies with a multitude of crosses depending on which entity of the Group is exposed to the currency. Change in foreign exchange rate is compensated by the reevaluation by Profit and Loss at Fair Market Value on derivatives.

At 31 March 2017, net derivatives positions amount to a net liability of €(197) million. They may be summarized as follows:

(in € million)	Net derivatives positions	
Currency 1 / Currency 2 (*)	**Net notional**	**Fair value**
EUR/USD	(2,094)	(186)
EUR/BRL	96	26
EUR/INR	(154)	(36)
EUR/PLN	656	32
EUR/ZAR	(186)	(41)
Other		8
NET DERIVATIVES RELATED TO OPERATING ACTIVITIES		**(197)**

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

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

Overall derivatives positions

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

	At 31 March 2017		At 31 March 2016	
(in € million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives qualifying for fair value hedge	297	499	212	307
Derivatives qualifying for cash flow hedge	-	-	-	-
Derivatives qualifying for net investment hedge	-	-	-	-
Derivatives not qualifying for hedge accounting	1	-	1	1
TOTAL	**298**	**499**	**213**	**308**
Of which derivatives relating to financing activities	*8*	*12*	*22*	*18*
Of which derivatives relating to operating activities	*290*	*487*	*191*	*290*

Since derivatives have been set up, the change in foreign exchange spot rates, and to a lesser extend the relative change in interest rate curves relating to the hedged currencies, during the periods ended 31 March 2016 and 31 March 2017 explains the amount of fair value of derivative instruments (either positive or negative). For instruments that qualify for fair value hedge accounting, change in fair value arising from spot rates is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

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

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

These agreements generally require the offsetting of receivable and payable amounts in case of default of one of the contracting parties. These derivatives fall within the scope of disclosures under IFRS 7 on compensation and are presented in the tables below:

At 31 March 2017	**Gross amounts of recognized financial assets/liabilities**	**Gross amounts of recognized financial assets/liabilities set off in the balance sheet**	**Net amounts of financial assets/liabilities presented in the balance sheet**	**Related amounts not set off in the balance sheet**		
(in € million)				**Financial instruments**	**Cash collateral received**	**Net amount**
Derivatives assets	298		298	(240)		58
Derivatives liabilities	(499)		(499)	240		(259)

At 31 March 2016	**Gross amounts of recognized financial assets/liabilities**	**Gross amounts of recognized financial assets/liabilities set off in the balance sheet**	**Net amounts of financial assets/liabilities presented in the balance sheet**	**Related amounts not set off in the balance sheet**		
(in € million)				**Financial instruments**	**Cash collateral received**	**Net amount**
Derivatives assets	213		213	(164)		49
Derivatives liabilities	(308)		(308)	164		(144)

28.3 Interest rate risk management

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

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective portion of hedged risk. In the case of cash flow hedging relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. Amounts previously recognised directly in other comprehensive income are reclassified to the income statement, when the hedged risk impacts the income statement.

After the General Electric transaction, the group keeps short dated floating rate financial assets on its balance sheet, while its debt is merely made of fixed rate bonds.

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

Carrying amount (in € million)	At 31 March 2017	At 31 March 2016
Financial assets at floating rate	1,618	2,023
Financial assets at fixed rate	260	335
Financial assets bearing interests	**1,878**	**2,358**
Financial debt at floating rate	(153)	(169)
Financial debt at fixed rate, put options and earn-out on acquired entities	(1,886)	(2,335)
Financial debt bearing interests	**(2,039)**	**(2,504)**
Total position at floating rate before swaps	1,465	1,854
Total position at fixed rate before swaps	(1,626)	(2,000)
Total position before hedging	**(161)**	**(146)**
Total position at floating rate after swaps	1,465	1,854
Total position at fixed rate after swaps	(1,626)	(2,000)
TOTAL POSITION AFTER HEDGING	**(161)**	**(146)**

Sensitivity is analysed based on the group's net cash position at 31 March 2017, assuming that it remains constant over one year.

In absence of interest rate derivatives, the effects of increases or decreases in market rates are symmetrical: a rise of 0.1% would increase the net interest income by €1 million while a fall of 0.1% would decrease it by €1 million.

28.4 Credit risk management

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

Risk related to customers

The Group believes that the risk of a counterpart failing to perform as contracted, which could have a significant impact on the Group's financial statements or results of operations, is limited because the Group seeks to ensure that customers generally have strong credit profiles or adequate financing to meet their project obligations (see also Note 19).

In specific cases, the Group may use export credit insurance policies which may hedge up to 85% of the credit risk on certain contracts.

Risk related to other financial assets

The Group's exposure to credit risk related to other financial assets, especially derivatives, arises from default of the counterpart, with a maximum exposure equal to the carrying amount of those instruments. The financial instruments are taken out with over 30 different counterparties and the risk is therefore highly diluted, the largest exposure with one single counterparty (rated Baa1) being limited to €25 million.

Risk related to cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy.

The Group diversifies its cash investments in order to limit its counterparty risk. In addition to short term deposits with tier-one banks, the group invested in euro money market funds qualified as "monetary" or "monetary short term” under the AMF classification. Cash investments are reviewed on a regular basis in accordance with Group procedures and in strict compliance with the eligibility criteria set out in IAS 7 and the AMF’s recommendations.

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

The Group’s policy is to centralise liquidity of subsidiaries at the parent company’s level when possible. Cash available in subsidiaries located in countries with local constraints delaying or restricting the Group’s access to this cash was €128 million at 31 March 2017 and €191 million at 31 March 2016 (for continuing activities).

28.5 Liquidity risk management

Financial covenants

In addition to its available cash and cash equivalents, amounting to € 1, 563 million as of 31 March 2017, the Group can access a €400 million revolving credit facility, maturing in June 2022, which is fully undrawn at 31 March 2017.

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

Covenants	Maximum total net debt leverage
	(a)
	2.5

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

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

(in € million)	For the year ended 31 March 2017	For the year ended 31 March 2016
EBITDA	515	358
Total net debt (excluding finance lease debt)	203	216
TOTAL NET DEBT LEVERAGE	**0.4**	**0.6**

EBITDA non-GAAP measure corresponds to EBIT before amortisation, depreciation and impairment and before gain/losses on disposals.
The GAAP measure EBIT reconciles with non-GAAP measure EBITDA indicator, as follows:

(in € million)	At 31 March 2017	At 31 March 2016
EBIT	**358**	**(226)**
Amortisation, Depreciation & Impairment	155	622
Capital G/L on Disposal of Investment	2	(38)
EBITDA	**515**	**358**

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Future Cash Flow

The Group's objective is to maintain a strong liquidity, commensurate with the changes in working capital triggered by its long term activity. A revolving cash planning tool is used to monitor the Group's liquidity needs.

Planning data for future new assets and liabilities are not reported. Amounts in foreign currency are translated at the closing rate. The variable interest payments are calculated using the last interest rates available at the closing date. Assets and liabilities that can be repaid at any time are always assigned to the earliest possible time period.

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2017 and 31 March 2016.

Financial instruments held at 31 March 2017

Cash flow arising from instruments included in net cash/(debt) at 31 March 2017

Cash flow for the years ended 31 March (in € million)	Carrying amount	2018 Interests	2018 Repayment	2019 Interests	2019 Repayment	2020-2022 Interests	2020-2022 Repayment	2023 and thereafter Interests	2023 and thereafter Repayment
Other non-current assets	260	17	26	15	17	38	57	31	160
Marketable securities and other current	8	-	8	-	-	-	-	-	-
Cash and cash equivalents	1,563	-	1,563	-	-	-	-	-	-
Assets	**1,831**	**17**	**1,597**	**15**	**17**	**38**	**57**	**31**	**160**
Non-current borrowings	(1,362)	(49)	-	(49)	(468)	(36)	(894)	-	-
Non-current obligations under finance leases	(233)	-	-	(16)	(18)	(40)	(63)	(32)	(152)
Current borrowings	(416)	(21)	(416)	-	-	-	-	-	-
Current obligations under finance leases	(28)	(17)	(28)	-	-	-	-	-	-
Liabilities	**(2,039)**	**(87)**	**(444)**	**(65)**	**(486)**	**(76)**	**(957)**	**(32)**	**(152)**
NET CASH/(DEBT)	**(208)**	**(70)**	**1,153**	**(50)**	**(469)**	**(38)**	**(900)**	**(1)**	**8**

Cash flow arising from operating derivatives at 31 March 2017

Cash flow for the years ended 31 March (in € million)	Carrying amount	2018 Interests	2018 Repayment	2019 Interests	2019 Repayment	2020-2022 Interests	2020-2022 Repayment	2023 and thereafter Interests	2023 and thereafter Repayment
Other current operating assets	290	-	148	-	83	-	49	-	10
Assets	**290**	**-**	**148**	**-**	**83**	**-**	**49**	**-**	**10**
Other current operating liabilities	(487)	-	(218)	-	(159)	-	(95)	-	(15)
Liabilities	**(487)**	**-**	**(218)**	**-**	**(159)**	**-**	**(95)**	**-**	**(15)**
DERIVATIVES	**(197)**	**-**	**(70)**	**-**	**(76)**	**-**	**(46)**	**-**	**(5)**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2017

Cash flow for the years ended 31 March (in € million)	Carrying amount	2018 Interests	2018 Repayment	2019 Interests	2019 Repayment	2020-2022 Interests	2020-2022 Repayment	2023 and thereafter Interests	2023 and thereafter Repayment
Non consolidated investments	55	-	-	-	-	-	17	-	38
Other non-current assets	56	-	-	-	-	-	-	-	56
Trade receivables	1,693	-	1,693	-	-	-	-	-	-
Other current operating assets	630	-	630	-	-	-	-	-	-
Assets	**2,434**	**-**	**2,323**	**-**	**-**	**-**	**17**	**-**	**94**
Trade payables	(1,029)	-	(1,029)	-	-	-	-	-	-
Other current operating liabilities	(621)	-	(621)	-	-	-	-	-	-
Liabilities	**(1,650)**	**-**	**(1,650)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**784**	**-**	**673**	**-**	**-**	**-**	**17**	**-**	**94**

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Financial instruments held at 31 March 2016

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

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

Cash flow arising from operating derivatives at 31 March 2016

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

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

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

28.6 Commodity risk management

Most of commodities bought by the Group has already been modified and included into spare parts. For the other commodities, the Group has included into customer contracts a customer price adjustment clause, so that the Group has a limited exposure to the variation of commodity prices.

Occasionally, the Group can hedge its exposure with commodity derivatives (copper, aluminum) for which the notional and the market values remain not significant at 31 Mars 2017.

I. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS AND SHARE–BASED PAYMENTS

NOTE 29. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS

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

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

Post-employment defined benefit plans

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

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

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

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

Post-employment defined contribution plans

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

Other long-term employee benefits

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

The defined benefit obligation amounting to €995 million as of 31 March 2017 (see Note 29.2) is analysed as follows:

- several pension plans for €804 million;
- other post-employment benefits for €153 million which include mainly end-of-service benefits in France and Italy; and

- other long-term defined benefits for €38 million which mainly correspond to jubilees in France and Germany.

Net provisions for post-employment benefits total €526 million, as of 31 March 2017, compared with €486 million, as of 31 March 2016.

29.1 Description of the plans

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

Defined benefit plans primarily relate to United Kingdom, Germany, and France. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the country where the employees are located.

In the United Kingdom, there are three defined benefit pension plans covering different populations. Each of these are Sections of the large UK Railways Pension Scheme and provide a pension in the form of an indexed annuity. Two of these plans are historical and were closed to new members as of 1 July 2013 and the third was closed to new members on 1 April 2016. New hires are ordinarily offered the opportunity to participate in a defined contribution group pension plan ("GPP"), a group life insurance plan and an income replacement scheme.

In Germany, the plans provide coverage for pension, death and disability. In the past, the pension was accrued in the form of an annuity. The plans were deeply modified for future accruals in 2010 for the employees to remove most, particularly the higher risk, defined benefit pension plans. The plans continue to be accounted for as defined benefit plans under IAS 19R but with much lower risks for the company. With respect to employee contributions, these are remitted into defined contributions plans.

In France, defined benefit pension plans are mainly end-of-service benefits provided for under the terms of collective bargaining agreements and Group agreements.

In some countries, these commitments are covered in whole or in part by insurance contracts or pension funds. In this case, the commitments and assets are measured independently.

The fair value of plan assets is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit method, in order to calculate the unfunded obligation to be covered by a provision, or the overfunded right to be recognized as an asset under specific requirements.

In the following tables, the "Other" zone represents mainly the United States of America, Sweden and Switzerland.

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29.2 Defined benefit obligations

(in € million)	At 31 March 2017	United Kingdom	Euro Zone	Other
Defined benefit obligations at beginning of year	**(938)**	**(400)**	**(448)**	**(90)**
Service cost	(34)	(10)	(16)	(8)
Plan participant contributions	(4)	(3)	-	(1)
Interest cost	(23)	(13)	(7)	(3)
Plan amendments	11	-	(1)	12
Business combinations / disposals	-	-	-	-
Curtailments	4	-	3	1
Settlements	-	-	-	-
Actuarial gains (losses) - due to experience	9	4	6	(1)
Actuarial gains (losses) - due to changes in demographic assumptions	1	-	(1)	2
Actuarial gains (losses) - due to changes in financial assumptions	(87)	(73)	(9)	(5)
Benefits paid	47	12	25	10
Foreign currency translation and others	19	30	(1)	(10)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(995)**	**(453)**	**(449)**	**(93)**
Of which:				
Funded schemes	*(783)*	*(453)*	*(269)*	*(61)*
Unfunded schemes	*(212)*	-	*(180)*	*(32)*

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

29.3 Plan assets

As indicated in Note 29.1, for defined benefit plans, plan assets have been progressively built up by contributions from the employer and the employees, primarily in the United Kingdom, Switzerland, the United States of America and Germany.

(in € million)	At 31 March 2017	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	**452**	**340**	**68**	**44**
Interest income	12	10	1	1
Actuarial gains (losses) on assets due to experience	33	30	3	-
Company contributions	13	6	-	7
Plan participant contributions	4	3	-	1
Business combinations /disposals	-	-	-	-
Settlements	-	-	-	-
Benefits paid from plan assets	(20)	(12)	-	(8)
Foreign currency translation and others	(25)	(26)	-	1
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**469**	**351**	**72**	**46**

(in € million)	At 31 March 2016	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	**500**	**355**	**72**	**73**
Interest income	15	13	1	1
Actuarial gains (losses) on assets due to experience	(10)	(12)	(4)	6
Company contributions	17	6	7	4
Plan participant contributions	4	3	-	1
Business combinations /disposals	-	-	-	-
Settlements	(9)	-	(9)	-
Benefits paid from plan assets	(30)	(2)	-	(28)
Foreign currency translation and others	(35)	(23)	1	(13)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**452**	**340**	**68**	**44**

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

(in € million)	At 31 March 2017	At 31 March 2016
Defined benefit obligations	(995)	(938)
Fair value of plan assets	469	452
Funded status of the plans	**(526)**	**(486)**
Impact of asset ceiling	-	-
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	**(526)**	**(486)**
Of which:		
Accrued pension and other employee benefit costs	(526)	(487)
Prepaid pension and other employee benefit costs	-	1

Movements over the period ended 31 March 2017 mainly arose from France, United Kingdom, Brazil, Sweden and the United States of America.

29.5 Components of plan assets

(in € million)	At 31 March 2017	%	United Kingdom	Euro Zone	Other
Equities	277	**59.1%**	71%	33%	5%
Bonds	149	**31.8%**	29%	62%	7%
Insurance contracts	37	**7.9%**	-	3%	77%
Other	6	**1.3%**	-	2%	11%
TOTAL	**469**	**100%**	**100%**	**100%**	**100%**

(in € million)	At 31 March 2016	%	United Kingdom	Euro Zone	Other
Equities	237	52.4%	64%	28%	4%
Bonds	159	35.2%	32%	67%	7%
Properties	11	2.4%	3%	-	0%
Other	45	10.0%	1%	5%	89%
TOTAL	**452**	**100%**	**100%**	**100%**	**100%**

An active market price exists for all plan assets except properties. Assets of each funded plan are managed by a dedicated investment committee in accordance with the scheme rules and local regulation. The Group has representatives on these committees and promotes simple and diversified investment strategies. The aim is to limit investment risks to those necessary to fulfil the benefit commitment (asset and liability management). As a result, strategic allocation favours liquid assets and especially long bonds. At 31 March 2017, plan assets do not include securities issued by the Group.

29.6 Assumptions (weighted average rates)

Actuarial valuations of the Group's benefit obligation have been made as of 31 March 2017 and 31 March 2016.

These valuations include:

- Assumptions on staff turnover, mortality and salary increases;
- Assumptions on retirement ages varying from 60 to 65 depending on the country and the applicable laws;
- Discount rates used to determine the actuarial present value of the projected benefit obligations.

Actuarial assumptions used vary by type of plan and by country.

(in %)	At 31 March 2017	United Kingdom	Euro Zone	Other
Discount rate	2.05	2.50	1.50	2.48
Rate of compensation increase	3.22	3.65	2.71	2.75

(in %)	At 31 March 2016	United Kingdom	Euro Zone	Other
Discount rate	2.57	3.45	1.65	3.30
Rate of compensation increase	3.08	3.60	2.73	2.55

As of 31 March 2017, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2017	United Kingdom	Euro Zone	Other
Weighted average duration	15	18	13	10

Discount rate

In accordance with IAS 19R principles, discount rates are set each year by reference to the market yields on high quality corporate bonds denominated in the relevant currency. In countries where there is no deep market in such bonds, discount rates are set by reference to the yields on government bonds. The required information is sourced from the company's actuarial advisors and from market quotations and indices.

Rate of compensation increase

Compensation increase assumptions are determined at country level and reviewed centrally.

Assumptions related to the post-employment healthcare obligation

The healthcare trend rate is assumed to be 8.59% in the year ended 31 March 2017 and reduces thereafter to an ultimate rate of 4.49% from 2023 onwards.

Sensitivity analysis

A 25 bp increase or decrease in the main assumptions would have the following impacts on the defined benefit obligation:

(in € million)	At 31 March 2017
Impact of a 25bp increase or decrease in the discount rate	(36) / +39
Impact of a 25bp increase or decrease in the rate of compensation increase	+11 / (9)

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

As at 31 March 2017, the benefit expense for the whole Group is the following:

(in € million)	Year ended 31 March 2017	United Kingdom	Euro Zone	Other	Year ended 31 March 2016*
Service cost	(34)	(10)	(16)	(8)	(29)
Defined contribution plans	(67)	(4)	(45)	(18)	(93)
Actuarial gains/(losses) on other long-term benefits	-	-	-	-	(3)
Past service gain (cost)	11	-	(1)	12	(1)
Curtailments/settlements	4	-	3	1	1
EBIT impact	**(86)**	**(14)**	**(59)**	**(13)**	**(125)**
Financial income (expense)	**(12)**	**(3)**	**(6)**	**(3)**	**(9)**
Net impact in discontinued activities	**(5)**	**-**	**-**	**(5)**	**(194)**
TOTAL BENEFIT EXPENSE	**(103)**	**(17)**	**(65)**	**(21)**	**(328)**

(*) Including €17 million in relation to the United Kingdom and €93 million in relation to the euro zone for the year ended 31 March 2016.

29.8 Cash flows

In accordance with local practice and regulations, the company pays contributions to the funded schemes it sponsors and benefits to the members of unfunded plans.

Total cash spent for defined benefit plans in the year ended 31 March 2017 amounted to €27 million and covers both regular contributions for accruing service and recovery contributions in case of funding shortfall.

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

- €25 million in the year ending 31 March 2018;
- €23 million in the year ending 31 March 2019;
- €25 million in the year ending 31 March 2020.

Total cash spent for defined contribution plans in the year ended 31 March 2017 amounted to €67 million.

For defined contribution plans, according to the company's best estimate, payments should remain stable over the next years, at constant scope and exchange rates.

NOTE 30. SHARE-BASED PAYMENTS

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

Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value at the grant date (excluding the effect of non-market-based conditions) using the binomial pricing model or the Black-Scholes model for plans issued from 2009 or the Monte Carlo model for plans issued from 2016. The cumulative recognised expense is based on the fair value at grant date and on the estimated number of shares that will eventually vest (including the effect of non-market-based vesting conditions). It is recorded in Earnings Before Interests and Taxes throughout the vesting period with a counterpart in equity.

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

Cash-settled share-based payments

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

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

30.1 Stock options and performance shares

Key characteristics

	Plans issued by Shareholders Meeting on 9 July 2004	Plans issued by Shareholders Meeting on 26 June 2007				Plans issued by Shareholders Meeting on 22 June 2010	
	Plan n°9	Plan n°10	Plan n°10	Plan n°12	Plan n°12	Plan n°13	Plan n°13
	Stock options	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares
Grant date	28/09/2006	25/09/2007	25/09/2007	21/09/2009	21/09/2009	13/12/2010	13/12/2010
Exercise period	28/09/2009 27/09/2016	25/09/2010 24/09/2017	n/a	21/09/2012 20/09/2017	n/a	13/12/2013 12/12/2018	n/a
Number of beneficiaries	1,053	1,196	1,289	436	1,360	528	1,716
Adjusted number granted (1)	3,870,345	1,950,639	252,000	1,001,612	522,220	1,419,767	740,860
Adjusted number exercised since the origin	605,711	1,150	220,320	-	182,432	-	506,330
Adjusted number cancelled since the origin	3,264,634	344,237	31,680	653,449	339,788	467,740	234,530
Ajusted number outstanding at 31 March 2017	-	1,605,252	-	348,163	-	952,027	-
inc. to the present members of the Executive Committee	100,189	62,643	-	21,568	-	85,391	-
Adjusted exercise price (2) (in €)	32.48	58.73	n/a	43.48	n/a	28.83	n/a
Fair value at grant date (in €)	12.90	29.24	129.20	11.26	48.11	7.59	31.35

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

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to share buy back operation.

	Plans issued by Shareholders Meeting on 22 June 2010						Plan issued by Shareholders Meeting on 18 December 2015		
	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16	PSP 2016	We are Alstom	PSP 2017
	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares	Performance shares	Free shares	Performance shares
Grant date	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2016	23/09/2016	17/03/2017
Exercise period	04/10/2014 03/10/2019	n/a	10/12/2015 09/12/2020	n/a	03/10/2016 30/09/2021	n/a	n/a	n/a	n/a
Number of beneficiaries	514	1,832	538	1,763	292	1,814	737	27,480	755
Adjusted number granted (1)	1,573,723	804,040	1,508,777	883,140	771,997	1,130,791	957,975	824,400	1,022,400
Adjusted number exercised since the origin	246,790	478,149	134,894	391,458	107,480	2,147	1,050	30	-
Adjusted number cancelled since the origin	637,317	325,891	805,502	491,682	70,555	104,186	53,775		
Ajusted number outstanding at 31 March 2017	689,616	-	568,381	-	593,962	1,024,458	903,150	824,370	1,022,400
inc. to the present members of the Executive Committee	56,957	-	48,111	-	70,688	52,545	168,000	-	187,500
Adjusted exercise price (2) (in €)	22.96	n/a	24.10	n/a	23.44	n/a	n/a	n/a	n/a
Fair value at grant date (in €)	3.14	19.77	5.80	26.70	3.84	22.62	17.12	23.39	19.72

At 31 March 2017, stock options granted by plans 9, 10, 11, 12, 13, 14, 15 and 16 are fully vested. For plans 9 and 10, options will expire seven years after the end of the vesting period of each plan. For plans 12, 13, 14, 15 and 16 options will expire five years after the end of the vesting period.

The long term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares, except the latter since 2016 that allocate only performance shares.

The grant of these instruments is conditioned by the satisfaction of performance indicators.

LTI plan 15 granted on 10 December 2012:

The total number of options exercisable and performance shares delivered was depending on the Group's operating margin and the free cash flow for the fiscal years ended 31 March 2013, 31 March 2014 and 31 March 2015.

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

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

LTI plan 16 granted on 1 October 2013:

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 were deemed fully satisfied subject to and upon the completion of the transaction.

As a consequence, all options will be exercisable under this plan and all performance shares will be delivered.

In addition, for both plans 15 & 16, the presence condition has been waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations.

PSP 2016 granted on 17 March 2016:

This plan has been approved by the board of directors of 17 March 2016. It allocates 957,975 performance shares to 737 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2017, 31 March 2018, and 31 March 2019, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the communication of the 31 March 2019 results.

2016 free share plan

On 23 September 2016, the Board of Directors approved the grant of a worldwide free share Plan named "We are Alstom 2016". The 30-shares-award concerns all employees within Alstom on 30 June 2016, on the condition they are still employees of Alstom group at the end of a 2-years-vesting period, representing a maximum of 824,400 new shares of €7 of nominal value each to be issued in favor of a maximum of 27,480 beneficiaries.

It was also decided that in the countries where, for tax and/or legal purpose, the granting of free shares would be difficult or not possible, a cash equivalent bonus will be granted to employees.

PSP 2017 granted on 17 March 2017

This plan has been agreed by the board of directors of 17 March 2017. It allocates 1,022,400 performance shares to 755 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2018, 31 March 2019, and 31 March 2020, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the communication of the 31 March 2020 results.

The number of Performance Shares will be determined as follows:

	2017/2018	2018/2019	2019/2020
KPI weight	20%	25%	55%
Free Cash Flow	10%	10%	10%
Condition	Progressive delivery from 0 to total number of granted shares with FCF up to +€200 million (yearly)		
Adjusted EBIT	10%	15%	15%
Condition	Progressive delivery from 0 to total number of granted shares with aEBIT margin up to 7% (yearly)		
TSR	0%	0%	30%
Condition	Progressive delivery from 0 to total number of granted shares (100%) with Alstom TSR up to 5 points above Index TSR		

Movements

	Number of options	Weighted average exercise price per share in €	Number of performance shares
Outstanding at 31 March 2015	**7,513,788**	**39.06**	**1,560,141**
Granted (*)	1,572,120	0.00	1,189,666
Exercised (*)	(519,494)	16.07	(427,740)
Cancelled (*)	(727,859)	10.41	(113,230)
Outstanding at 31 March 2016	**7,838,555**	**35.44**	**2,208,837**
Granted (**)	-	0.00	1,846,800
Exercised	(387,226)	23.41	(215,144)
Cancelled	(2,693,928)	32.82	(66,115)
OUTSTANDING AT 31 MARCH 2017	**4,757,401**	**37.90**	**3,774,378**
of which exercisable	*4,757,401*		*N/A*

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

(**) includes 824,400 free shares granted through the "We are Alstom" plan as well as 1,022,400 performance shares granted through the PSP 2017.

Valuation

	Plan n°12	Plan n°12	Plan n°13	Plan n°13	Plan n°14	Plan n°14
	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares
Grant date	21/09/2009	21/09/2009	13/12/2010	13/12/2010	04/10/2011	04/10/2011
Expected life (in years)	3.5	2.5 or 4.0	3.5	2.5 or 4.0	4.0	2.5 or 4.0
End of vesting period	20/09/2012	31/05/2012 or 20/09/2013	12/12/2013	31/05/2013 or 12/12/2014	03/10/2014	31/05/2014 or 03/10/2015
Adjusted exercise price (*) (in €)	43.48	n/a	28.83	n/a	22.96	n/a
Share price at grant date (in €)	50.35	50.35	35.40	35.40	23.82	23.82
Volatility	30%	n/a	31%	n/a	31%	n/a
Risk free interest rate	2.0%	2.3%	1.8%	2.0%	1.5%	1.5%
Dividend yield	1.3%	1.3%	3.1%	3.1%	5.0%	5.0%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day of which the options were granted by the Board (no discount or surcharge) and adjusted, where necessary, due to share buy back operation.

	Plan n°15	Plan n°15	Plan n°16	Plan n°16	PSP 16	We are Alstom	PSP 17
	Stock options	Performance shares	Stock options	Performance shares	Performance shares	Free shares	Performance shares
Grant date	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2016	23/09/2016	17/03/2017
Expected life (in years)	4.0	2.5 or 4.0	3.0	4.0	3.2	2.0	3.2
End of vesting period	09/12/2015	31/05/2015 or 09/12/2016	30/09/2016	30/09/2017	17/03/2019	23/09/2018	17/05/2020
Adjusted exercise price (*) (in €)	24.10	n/a	23.44	n/a	n/a	n/a	n/a
Share price at grant date (in €)	29.77	29.77	26.33	26.33	21.84	24.00	26.56
Volatility	30%	n/a	28%	n/a	23%	n/a	22%
Risk free interest rate	0.5%	0.5%	0.9%	0.9%	(0.3)%	(0.6)%	(0.1)%
Dividend yield	3.4%	3.4%	3.8%	3.8%	3.8%	1.3%	1.5%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day of which the options were granted by the Board (no discount or surcharge) and adjusted, where necessary, due to share buy back operation.

The option valuation method follows a Black & Scholes model for plans 12, 13, 14, 15 and 16 as well as Monte Carlo model for PSP 2016 and PSP 2017, with exercise of the options anticipated and spread over the exercise period on a straight-line basis.

The volatility factor applied is an average of CAC40 comparable companies' volatility at the grant date for plans 11 to 16, and Alstom's volatility for the plans since PSP 2016.

The Group booked a total expense of €10 million for the year ended 31 March 2017 (to be compared to €8 million for the year ended 31 March 2016, of which €6 million in discontinued operations).

ALSTOM

30.2 Stock appreciation rights ("SARs")

Key characteristics

	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Vesting date	27/09/2008	27/09/2008	28/09/2009	25/09/2010
Expiry date	18/11/2015	26/09/2015	28/09/2016	24/09/2017
Number of beneficiaries	4	-	3	8
Adjusted number granted (2)	6,000	-	8,750	4,800
Adjusted number exercised since the origin	(5,000)	-	(1,250)	-
Adjusted number cancelled since the origin	(1,000)	-	(7,500)	(1,900)
Ajusted number outstanding at 31 March 2017	-	-	-	2,900
Adjusted exercise price (3) (in €)	22.45	17.88	36.05	73.42

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

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

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

Movements

	Number of SARs	Weighted average exercise price per share in €
Outstanding at 31 March 2015	**19,550**	**41.05**
Granted	-	-
Exercised	(6,250)	31.65
Cancelled	(2,000)	47.94
Outstanding at 31 March 2016	**11,300**	**48.62**
Granted	-	-
Exercised	-	-
Cancelled	(8,400)	40.05
OUTSTANDING AT 31 MARCH 2017	**2,900**	**73.42**
of which exercisable	*2,900*	

Valuation

	SARs n°8	Notional SARs (1)	SARs n°9	SARs n°10
Grant date	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Expected life (in years)	4	4	4	4
End of vesting period	27/09/2008	27/09/2008	28/09/2009	24/09/2010
Adjusted exercise price (2) (in €)	22.45	17.88	36.05	73.42
Share price at 31 March 2017 (in €)	28.02	28.02	28.02	28.02
Share price at 31 March 2016 (in €)	22.47	22.47	22.47	22.47
Volatility	17.92%	17.92%	17.92%	17.92%
Risk free interest rate	0.23%	0.23%	0.23%	0.23%
Dividend yield	5.0%	5.0%	5.0%	5.0%

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

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

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

NOTE 31. EMPLOYEE BENEFIT EXPENSE AND HEADCOUNT

In the following figures, staff of joint-operations entities are integrated in fully, staff of joint-ventures and associates are not considered.

	Year ended	
(in € million)	31 March 2017	31 March 2016
Wages and salaries	1,723	1,320
Social charges	433	389
Post-employment and other long-term benefit expense (see Note 29)	103	134
Share-based payment expense (see Note 30)	10	2
TOTAL EMPLOYEE BENEFIT EXPENSE	**2,269**	**1,845**

	Year ended	
	31 March 2017	31 March 2016
Staff of consolidated companies at year end		
Managers, engineers and professionals	16,486	14,426
Other employees	16,293	16,544
HEADCOUNT	**32,779**	**30,970**

	Year ended	
	31 March 2017	31 March 2016
Average staff of consolidated companies over the period		
Managers, engineers and professionals	15,456	13,498
Other employees	16,419	16,041
HEADCOUNT	**31,875**	**29,539**

J. CONTINGENT LIABILITIES AND DISPUTES

Commitments arising from execution of operations controlled by the Group

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

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

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

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

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

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.

No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable. Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

Commitments arising from execution of operations not wholly within the control of the Group

Obligations towards third parties may arise from on-going legal proceedings, credit guarantees covering the financial obligations of third parties in cases where the Group is the vendor, and indemnification guarantees issued in connection with disposals of business entities.

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

A provision is recorded if the obligation is considered as probable and can be reliably measured. Contingent assets arising from legal proceedings or guarantees delivered by third parties are only disclosed when they become probable.

NOTE 32. CONTINGENT LIABILITIES

Commercial obligations

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

To issue these bonds, the Group relies on both uncommitted bilateral lines in numerous countries and a €3 billion Committed Bilateral Bonding Facility Agreement ("CBBGFA") with five tier one banks allowing issuance until 2 November 2019 of bonds with tenors up to 7 years.

As at 31 March 2017, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €8.3 billion (€7.6 billion at 31 March 2016).

The available amount under the Committed Bilateral Bonding Guarantee Facility Agreement at 31 March 2017 amounts to €1.2 billion (€1.1 billion at 31 March 2016). The Committed Bilateral Bonding Guarantee Facility Agreement includes a financial covenant (leverage ratio) based on consolidated figures of the Group and consistent with the financial covenant of the revolving credit facility.

The key Group indicators used to calculate the financial covenants are detailed in Note 28.5.

NOTE 33. DISPUTES

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

Disputes in the Group's ordinary course of business

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

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

Other disputes

Asbestos

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

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

Alleged anti-competitive activities

Transportation activities in Brazil

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiary of Alstom, following allegations of anti-competitive practices and illegal payments. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom's subsidiary in Brazil, and certain current and former employees of the Group. Alstom is cooperating with CADE. In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible. Following the opening phase, this procedure has continued with the phase of production of evidence. The hearing phase took place from January to March 2016, with the deposition of current and former employees of the Group as well as the questioning of witnesses. CADE has actively asserted its positions in this phase of the proceedings. The final report setting forth its conclusions on the procedure is expected to be presented in the coming months. It remains difficult to assess with precision the outcome of this procedure. Current and former employees of Alstom are also subject to criminal proceedings initiated by the public prosecutor of the state of Sao Paulo in connection with some of the Transport projects subject to CADE procedure.

In December 2014, the public prosecutor of the state of Sao Paulo also initiated a lawsuit against Alstom's subsidiary in Brazil, along with a number of other companies, related to alleged anti-competitive practices regarding the first phase of a train maintenance project, which is also subject to administrative proceedings since 2013. In the last quarter of 2016, this Alstom subsidiary in Brazil, along with a number of other companies, faced the opening of another lawsuit by the public prosecutor of the state of Sao Paulo related to alleged anti-competitive practices regarding a second phase of the said train maintenance project. In case of proven illicit practices, possible sanctions can include the cancellation of the relevant contracts, the payment of damage compensation, the payment of punitive damages and/or the dissolution of the Brazilian companies involved.

Alleged illegal payments

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

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

The Prosecutor of the State of Sao Paulo launched in May 2014 an action against a Group's subsidiary in Brazil, along with a number of other companies, for a total amount asserted against all companies of BRL2.5 billion (approximately €760 million) excluding interests and possible damages in connection with a transportation project. The Group's subsidiary is actively defending itself against this action.

Alstom has concluded on 22 December 2014 an agreement with the US Department of Justice (DOJ) in order to put an end to the investigation conducted in the United States from 2010 on subsidiaries of the Group relating to alleged potential violations of the Foreign Corrupt Practices Act (FCPA). This agreement was approved by the competent American court during a hearing held on 13 November 2015 and the payment of the fine stipulated in the agreement was effected on 23 November 2015. Subsequent to the validation of the agreement at the end of 2015, Alstom has submitted to the DOJ the first annual report on its integrity program pursuant to the applicable three-year reporting period. The second annual report was submitted to the DOJ at the end of 2016 and the third report is scheduled for transmission by end of 2017.

In the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. The SFO opened during fiscal year 2014/15 three criminal prosecutions against entities of the Group and certain current and past employees of the Group in connection with transportation projects located in Poland, Tunisia, India and Hungary, and with an energy project located in Lithuania that is no longer handled by Alstom. In March 2016, the SFO announced that it was pressing charges against a seventh individual in its investigation. Following a shift in the procedural calendar, the trial phase for the project in Hungary is scheduled to take place around the Summer of 2017 with the trial phase for the other transportation projects being expected in the Spring of 2018. It remains difficult to assess with precision the outcome of these procedures.

Budapest metro

In 2006, Alstom was awarded by BKV a contract for the delivery of metros for two lines in the city of Budapest. During the execution of the project, Alstom experienced delays mostly related to technical change requests from BKV and the refusal by the Hungarian Authority "NKH" to deliver the final train homologation in 2010 (in August 2007, NKH granted a Preliminary Type License). On 19 October 2010 BKV terminated the contract and called the bank guarantees. In July 2011 the parties agreed the re-entry into force of the contract and the suspension of the arbitration procedure initiated by Alstom in January 2011. The final train homologation was obtained in July 2012. The arbitration proceedings resumed on 17 December 2012 and are at the phase of assessments of damages claimed by the parties and expertise. The expert appointed by the arbitral tribunal is expected to establish draft findings during the course of 2017.

CR-1 Marmaray railway infrastructure – Turkey

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the "Marmaray Commuter Rail Project (CR-1)" to the consortium Alstom Dogus Marubeni (AMD), of which Alstom Transport's main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guarantees was forbidden and the AMD consortium immediately initiated an arbitration procedure to resolve the substantive issues. The arbitral tribunal has decided in December 2014 that the contract stands as terminated by virtue of Turkish law and has authorised the parties to submit their claims for compensation of the damages arising from such termination. Following this decision on the merits, DLH made renewed attempts in 2015 to obtain payment of the bank guarantees but defense proceedings by the AMD consortium have enabled so far to reject these payment requests.

The arbitration procedure is now in the phase of assessment of damages, the parties are processing documents production matters and are presenting their respective positions. This phase of exchange of claims and counterclaims memorials is expected to continue throughout 2017.

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

Regional Minuetto trains & high-speed Pendolino trains – Italy

Alstom Transport's subsidiary in Italy is involved in two litigation proceedings with the Italian railway company Trenitalia. One is related to a supply contract of regional Minuetto trains awarded in 2001 (the "Minuetto case"), and the other to a supply contract of high-speed Pendolino trains awarded in 2004 (the "Pendolino case"). Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay and technical penalties and, consequently, to withhold payments. Since the parties dispute certain technical matters as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. In the Minuetto case, the technical expertise report has been released and Alstom is challenging its contents with amendment requests. This challenge is under review by the competent tribunal and the technical expert is expected to submit his final report by the end of May 2017. In the Pendolino case, the technical expertise report was also released and Alstom has obtained certain corrections following its challenge on some of the conclusions of the report. On this case, the expertise phase is therefore over and the proceedings continue their path on the legal aspects of the dispute.

Intercity trains Poland

On 30 May 2011, PKP Intercity SA ("PKP") and Alstom Transport subsidiaries in Poland and Italy entered into a contract for the delivery of trains and maintenance services to PKP. The delivery of the trains with the planned signalling system was not possible due to the lack of necessary railway infrastructure in Poland. Therefore, a dispute has arisen between the parties in connection with damages arising from project delays and PKP initiated arbitration proceedings on 29 April 2015. Following the phase of assessment of damages claimed by the parties, these arbitration proceedings have progressed towards the closing of hearings. On 12 December 2016, the Alstom subsidiaries involved in this case received the notification of the arbitral decision whereby the arbitrators came to the conclusion that these subsidiaries had to compensate PKP for delay damages amounting to € 42 million (plus interests and legal costs), following which PKP was indemnified in January 2017 through a draw-down on the project bond. Alstom strongly contests the arbitral decision and has launched proceedings in Poland in the Court of Appeal of Katowice to obtain the cancellation of this decision and the compensation of damages suffered by Alstom as a result, in particular, of the call on the project bond.

Saturno

Following a dispute within a consortium involving Alstom's subsidiary in Italy and three other Italian companies, the arbitral tribunal constituted to resolve the matter has rendered in August 2016 a decision against Alstom by awarding €22 million of damage compensation to the other consortium members. Alstom's subsidiary strongly contests this decision and considers that it should be able to avoid its enforcement and thus prevent any damage compensation payment. On 30 November 2016, Alstom's subsidiary filed a motion in the Court of Appeals of Milan to obtain the cancellation of the arbitral award. On 1 December 2016, Alstom's subsidiary filed an ex parte motion for injunctive relief to obtain the suspension of the arbitral award pending the outcome of the appeal proceedings, which was temporarily accepted by the Court. After a phase of hearings in contradictory proceedings on the request for suspension of the arbitral award, the Court of Appeals of Milan decided on 3 March 2017 in favor of Alstom's subsidiary by confirming definitively the suspension of this arbitral decision pending the outcome of the proceedings relating to the cancellation of such decision.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

K. OTHER NOTES

NOTE 34. LEASE OBLIGATIONS

		Maturity of base payments		
(in € million)	Total	Within 1 year	1 to 5 years	Over 5 years
Long term rental (*)	345	42	127	176
Finance leases	21	3	10	8
Operating leases	259	42	183	34
TOTAL AT 31 MARCH 2017	**626**	**87**	**320**	**219**
Long term rental (*)	332	59	273	-
Finance leases	32	10	12	10
Operating leases	245	29	133	83
TOTAL AT 31 MARCH 2016	**609**	**98**	**418**	**93**

(*) Obligations related to a long-term rental of trains and associated equipment to a London metro operator (see Note 27) including interests to be paid.

NOTE 35. INDEPENDENT AUDITORS' FEES

Fees due to auditors and members of their networks in respect of years ended 31 March 2017 and 31 March 2016 were as follows:

	Year ended 31 March 2017				Year ended 31 March 2016			
	Mazars		PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers	
(in € million)	Amount	%	Amount	%	Amount	%	Amount	%
Independent Auditors' diligence, certification, review of individual and consolidated accounts	**3.3**	**85%**	**3.0**	**83%**	**4.8**	**84%**	**5.3**	**85%**
ALSTOM SA	*0.6*	*15%*	*0.9*	*25%*	*0.8*	*14%*	*0.9*	*15%*
Controlled entities	*2.7*	*69%*	*2.1*	*58%*	*4.0*	*70%*	*4.4*	*71%*
Other services (*)	**0.6**	**15%**	**0.6**	**17%**	**0.9**	**16%**	**0.9**	**15%**
TOTAL	**3.9**	**100%**	**3.6**	**100%**	**5.7**	**100%**	**6.2**	**100%**

(*) Mainly agreed upon procedures and technical consultations on accounting, tax and regulatory matters.

NOTE 36. RELATED PARTIES

The Group has identified the following related parties:

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

36.1 Shareholders of the Group

The *Agence des Participations de l'Etat* and Bouygues, a French company listed on Paris stock market, are the main shareholders of the Group, holding respectively 19.95% and 8.31% of Alstom's share capital and voting rights.

36.2 Related-party disclosures

The group has business relationships with government-owned companies, in particular SNCF, RATP and some of their subsidiaries.

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

Transactions with RATP concern the design and manufacturing of rolling stock for Paris network (regional double deck trains, metros and tramways) as well as studies, realization and supply of safety and signaling equipment and solutions.

Associated to those transactions, the group provides also services with parts supply, repair and maintenance.

All these transactions are subject to public tenders with strict regulation and competition at normal market terms and represent €866 million sales for the year-ended 31 March 2017. In addition, the trade receivables with those related parties amount to €158 million, and the total outstanding bonding and parent guarantees related to those contracts amounted to €948 million at 31 March 2017.

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

Moreover, related party transactions are also transactions with companies over which Alstom exercises significant influence or joint ventures over which Alstom exercises joint control. Those transactions with related parties are undertaken at market prices and represent less than 1% of the sales and trade receivable.

36.3 Key management personnel

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

	Year ended	
(in € thousand)	**31 March 2017**	**31 March 2016**
Short-term benefits	**6,188**	**24,399**
Fixed gross salaries	4,063	4,847
Variable gross salaries	2,125	3,002
Exceptional amounts (*)	-	16,550
Post-employment benefits (**)	**1,377**	**1,064**
Post-employment defined benefit plans	905	915
Post-employment defined contribution plans	247	149
Other post-employment benefits	225	-
Other benefits	**4,201**	**6,987**
Non monetary benefits	823	455
Employer social contributions	1,988	5,459
Share-based payments	1,390	1,073
TOTAL	**11,766**	**32,450**

(*) As at 31 March 2017, no exceptional amount has been recognized. As at 31 March 2016, exceptional amounts correspond to retention premiums and success fees paid to the former Executive Committee, agreed by and linked to the effective closing of the deal with General Electric and to severance packages. They include the exceptional and conditional remuneration paid to M. Patrick Kron as per the Board decision on 4 November 2014.

(**) Evolution in Benefits is mainly due to the freeze of the Defined Benefit Pension plan awarded to the CEO and some Executive Committee members and the implementation of an alternative Defined Contribution plan

Movements between 31 March 2016 and 2017 are mainly consecutive to the new Executive Committee membership.

NOTE 37. SUBSEQUENT EVENTS

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

NOTE 38. 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 on Group's Website.

Companies	Country	Ownership %	Consolidation Method
PARENT COMPANY			
ALSTOM	France	-	Parent Company
HOLDING COMPANIES			
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	Great Britain	100%	Full consolidation
NOMAD HOLDINGS LIMITED	Great Britain	100%	Full consolidation
ALSTOM Manufacturing India Private Limited	India	100%	Full consolidation
ALSTOM S.p.A	Italy	100%	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100%	Full consolidation
New ALSTOM Holdings B.V.	Netherlands	100%	Full consolidation
THE BREAKERS INVESTMENTS B.V	Netherlands	33%	Equity method
ALSTOM Espana IB, S.L.	Spain	100%	Full consolidation
ALSTOM Transport Holding US inc.	USA	100%	Full consolidation
INDUSTRIAL COMPANIES			
Alstom Transport Australia Pty Limited	Australia	100%	Full consolidation
ALSTOM Belgium SA	Belgium	100%	Full consolidation
ALSTOM Brasil Energia e transporte Ltda	Brazil	100%	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100%	Full consolidation
ALSTOM Chile S.A.	Chile	100%	Full consolidation
CASCO SIGNAL LTD	China	49%	Equity method
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd	China	60%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Transport Technologies	France	100%	Full consolidation
SPEEDINNOV	France	65%	Equity method
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Lokomotiven Service GmbH	Germany	100%	Full consolidation
ALSTOM Transport UK Limited	Great Britain	100%	Full consolidation
THE ATC JOINT VENTURE	Great Britain	38%	Joint operation
ALSTOM NL Service Provision Limited	Great Britain	100%	Full consolidation
ALSTOM Transport India Limited	India	100%	Full consolidation
MADHEPURA ELECTRIC LOCOMOTIVE PRIVATE LIMITED	India	100%	Full consolidation
CITADIS ISRAEL LTD	Israel	100%	Full consolidation
ALSTOM Ferroviaria S.p.A	Italy	100%	Full consolidation
ALSTOM Hong Kong Ltd	Hong-Kong	100%	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Transport B.V.	Netherlands	100%	Full consolidation
ALSTOM Panama, S.A.	Panama	100%	Full consolidation
ALSTOM Transport SA (Romania)	Romania	93%	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100%	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD	South Africa	61%	Full consolidation
ALSTOM Transporte, S.A.	Spain	100%	Full consolidation
ALSTOM Transport AB	Sweden	100%	Full consolidation
Alstom Signaling Operation, LLC	USA	100%	Full consolidation
ALSTOM Transportation Inc.	USA	100%	Full consolidation
ALSTOM Signalling Inc.	USA	100%	Full consolidation
ENERGY JOINT VENTURES			
GEAST	France	20%	Equity method
GE GRID ALLIANCE BV	Netherlands	50%	Equity method
GE Renewable Holding BV	Netherlands	50%	Equity method
Alstom Renewable US, LLC	USA	45%	Equity method
GRID SOLUTIONS (U.S.) LLC	USA	30%	Equity method