registration document

2014/2015

Faiveley TRANSPORT

Annual Financial Report items are identified in this summary with the aid of the RFA *pictogram.*

REGISTRATION DOCUMENT

incorporating the 2014/15 Annual Financial report

This Registration Document is available on Faiveley's website

www.faiveleytransport.com

Copies of this Registration Document are available free of charge from the registered office of Faiveley Transport, Immeuble Le Delage – 3 rue du 19 mars 1962 – Hall Parc – Bât.6A – 92 230 Gennevilliers – France.

It may also be consulted on the Faiveley Transport website (www.faiveleytransport.com) and on the AMF website (www.amf-france.org).

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004, the following information is included by reference in this Registration Document:

- the management report, the consolidated financial statements for the 2013/2014 financial year as well as the corresponding audit report set out on pages 34 to 41, 42 to 98 and 99 of the Registration Document filed with the AMF on 27 June 2014 under number D.14-0710;
- the management report, the consolidated financial statements for the 2012/2013 financial year as well as the corresponding audit report set out on pages 56 to 74, 75 to 154 and 155 to 157 of the Registration Document filed with the AMF on 12 July 2013 under number D.13-0735.

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This document is a non-certified free translation of the French Language *Document de Référence* 2014/2015, submitted to the *Autorité des Marchés Financiers* (AMF) on 30 June 2015 in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction only where it is supplemented by a prospectus approved by the AMF. It was drawn up by the issuer and binds the signatories.

GROUP OVERVIEW

1

1.1 GENERAL **OVERVIEW**

Faiveley Transport is a railway equipment manufacturer located in 24 countries. The Group has more than 5,700 employees working at more than 55 sites. With internationally recognised engineering and project management expertise, Faiveley Transport is active in every segment of the railway rolling stock market. The Group believes that it holds leading global positions.

The Group supplies products and systems for the whole value chain: engineering, production, sales and services. It offers high added value technical solutions and guarantees the utmost levels of safety, comfort and availability to its customers.

1.1.1 ORGANISATION

The Group has a strong industrial presence on the major continents to provide its products and services to all of its international customers. In addition to these production units, there are centres of competence (Research & Development, Systems Engineering and Design), commercial sites and units dedicated to Services, which, thanks to their local presence, make it possible to rapidly respond to customer requirements.

Faiveley Transport aims to develop its activities in all geographic regions but has a particular focus on four key identified regions: China, India, the United States and Western Europe.

The reinforcement of marketing, services and systems engineering structures have allowed Faiveley Transport to develop in all of these areas.

1.1.2 ACTIVITIES STRUCTURED INTO SYSTEMS

The Group is structured around four main Divisions, three of which are specialised in Original Equipment and one in Services. A geographic Division dedicated to China was created during the 2014/2015 financial year. Each Original Equipment Division includes different product lines, providing customers with a comprehensive and consistent range of services promoting technical synergies, as outlined below:

Energy & Comfort: air conditioning and heating systems, energy-related systems (current collection systems and electromechanical and energy conversion systems) and passenger and safety information systems.

Access & Mobility: access doors and accessibility systems, platform screen doors and automatic platform gates.

Brakes & Safety: braking systems (control elements, braking power elements and elements required for air production and treatment, and sanding) and coupler systems. This activity covers transit and freight requirements.

Services: services related to maintenance, retrofitting and spare parts. The Services activity provides day-to-day support to operators and manufacturers both by developing its customers' support services as part of the maintenance of their rolling stock, while allowing them to reduce the costs inherent to the life cycle of products and the lifespan of trains.

BALANCED DISTRIBUTION BETWEEN ORIGINAL EQUIPMENT AND SERVICES

Original Equipment and Services Divisions guarantee balanced revenue for Faiveley Transport. Contracts for Original Equipment material relate to systems and new product sales, produced for rolling stock manufacturers. These contracts, awarded through a tender process, are generally long-term and vary in size ranging from EUR 100,000 to several tens of millions of euros, however most contracts are for less than EUR 5 million.

Services contracts relate to maintenance, retrofitting and spare parts for all rail operators throughout the service life of a train, which is generally 30 to 40 years.

Faiveley Transport enjoys very high visibility for its future activity. Original Equipment Divisions provide visibility based on the order book (equal to 29 months of sales), while the after-sales service depends mainly on a steady flow of small orders concerning equipment for the installed base.

COVERAGE OF ALL SEGMENTS

Dedicated solely to the rolling stock industry, Faiveley Transport's product range covers all train-related segments: high and very high-speed trains, locomotives, passenger cars, metros and tramways, and freight wagons.

This diversification ensures superior risk management and mitigates the effects of the investment cycles of each segment.

Faiveley Transport's exposure to the freight segment, which is cyclical, is limited and accounts for 4.5% of the Group's sales. Geographically, the Group's freight activity is especially concentrated in the United States and primarily through the joint venture with Amsted Rail.

THE MOST COMPREHENSIVE PRODUCT RANGE ON THE MARKET

The scope of its product range allows the Group to bid in various tenders for each new train project with different systems and products, and thus gives it the opportunity to win more projects. Generally, each equipment system is independent of the others, although combined tenders are possible.

1.1.3 CUSTOMERS

The Group provides products and services for more than 500 customers worldwide, train manufacturers, railway operators and maintainers. During the 2014/2015 financial year, the Group generated 30% of its sales with the top three European manufacturers, 40% with the top five customers and 52% with the top ten.

1.2 SELECTED FINANCIAL INFORMATION

The new international accounting standard IFRS 11 – Joint arrangements was applied by the Group as of 1 April 2014.

The application of IFRS 11 has a scope effect relating to the three Chinese joint ventures: *Qingdao Faiveley SRI*, *Shijiazhuang Jiaxiang Precision Machinery* and *Datong Faiveley Couplers Systems.* These joint ventures can no longer be proportionally consolidated, and from 1 April 2014 they have been equity accounted in the same way as associated companies. As a result, Faiveley Transport is presenting restated selected financial information for the 2013/2014 financial year.

KEY INCOME STATEMENT DATA

(EUR millions)	2014/2015	2013/2014 restated	2013/2014	2012/2013
Sales	1,048.4	957.2	982.4	987.7
Group operating profit[(1)]	95.3	87.6	88.6	111.1
Operating margin (% of sales)	*9.1%*	*9.2%*	*9.0%*	*11.2%*
Net profit – Group share	**55.7**	**50.1**	**50.1**	**59.3**
Net margin (% of sales)	*5.3%*	*5.2%*	*5.1%*	*6.0%*
Earnings per share *(EUR)*	**3.88**	**3.50**	**3.50**	**4.17**

(1) Group Operating Profit is defined as operating profit including the share of profit of joint ventures.

KEY CASH FLOW STATEMENT DATA

(EUR millions)	2014/2015	2013/2014 restated	2013/2014	2012/2013
Net profit before minority interests	**52.9**	**50.1**	**50.1**	**63.6**
+ Depreciation and amortisation charges	17.5	16.0	16.3	16.3
+ Change in provisions and other non-cash items	11.6	11.7	10.3	15.3
+ Share of profit of equity-accounted entities	(6.6)	(4.4)	-	-
+ Dividends received from equity-accounted entities	3.2	1.3	-	-
+ Net cost of financial debt	11.0	9.3	-	-
+ Income tax	28.5	26.4	-	-
Self-financing capacity before interest and tax	**118.0**	**110.4**	**76.7**	**95.2**
+/- Change in WCR	4.4	(38.1)	(41.1)	(19.9)
+ Tax paid	(25.8)	(30.8)	-	-
+ Net financial interest paid	(9.8)	(8.9)	-	-
- Capital expenditure	(23.2)	(15.4)	(15.6)	(20.2)
Free cash flow	**63.6**	**17.2**	**20.0**	**55.1**

Consolidated cash flow statement data published in respect of 2013/2014 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements" and the impact of a minor change in presentation introduced at 31 March 2015.

KEY BALANCE SHEET DATA

(EUR millions)	2014/2015	2013/2014 restated	2013/2014	2012/2013
Total non-current assets	917.6	849.1	838.4	818.0
Total current assets	845.5	748.9	771.9	657.6
TOTAL ASSETS	**1,763.1**	**1,598.0**	**1,610.3**	**1,475.6**
Equity	657.4	577.6	577.6	554.7
Total non-current liabilities	495.5	480.2	480.3	382.9
Total current liabilities	610.1	540.2	552.4	538.0
TOTAL EQUITY AND LIABILITIES	**1,763.1**	**1,598.0**	**1,610.3**	**1,475.6**
Net financial debt(1)	**184.4**	**201.0**	**196.6**	**176.5**

(1) Net financial debt is defined as total financial debt less net financial receivables and cash and cash equivalents.

SALES ANALYSIS BY GEOGRAPHIC REGION

	2014/2015		2013/2014 restated		2013/2014		2012/2013	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Europe	638.5	61%	595.2	62%	595.9	61%	563.2	58%
Asia/Pacific	230.2	22%	211.6	22%	236.1	24%	262.6	26%
Americas	168.3	16%	141.0	15%	141.0	14%	155.4	15%
Rest of the world	11.4	1%	9.4	1%	9.4	1%	6.5	1%
TOTAL	**1,048.4**		**957.2**		**982.4**		**987.7**	

SALES ANALYSIS BY GEOGRAPHIC REGION

	2014/2015		2013/2014 restated		2013/2014		2012/2013	
	EUR m	%	EUR m	%	EUR m	%	EUR m	%
Energy & Comfort	213.1	20%	218.7	23%	220.2	22%	215.5	22%
Access & Mobility(1)	142.3	14%	142.9	15%	142.9	15%	174.7	17%
Brakes & Safety	257.0	24%	201.7	21%	218.8	22%	195.0	20%
Services	436.0	42%	393.9	41%	400.5	41%	402.6	41%
TOTAL	**1,048.4**		**957.2**		**982.4**		**987.7**	

(1) The Information & Safety segment has been transferred to the Energy & Comfort Division with effect from 1 April 2014. 2013/2014 historical data has been restated accordingly.

1.3 HISTORY

Louis Faiveley Établissements was founded in 1919 in Saint-Ouen, France, and started manufacturing pantographs in 1923 and automatic door mechanisms in 1930, before inventing the first air conditioning systems in 1952.

In 1971, Faiveley Transport Group launched the Electronic Product line. In 1989, the first platform screen doors were put into service in Lille (France).

In 1994, Faiveley SA, the Group's holding company, was listed on the Second Marché of the Paris Stock Exchange, and in 1995 the Group accelerated its international development with the acquisition of the air conditioning activity of Hagenuk, thus becoming the world leader in HVAC systems and establishing a strong presence in China.

In 2001, the Customer Service product line was created.

In 2004, Faiveley Transport acquired Sab Wabco, the Swedish specialist in railway braking systems and couplers. This acquisition allowed it to pass a milestone in its development by doubling in size and becoming one of the three world leaders in the market for on-board railway equipment.

More recently, Faiveley Transport has continued its expansion in the North America region with three structuring partnerships and acquisitions. In 2008, it acquired Ellcon National, a specialist in braking systems, and in 2010 the Group joined forces with Amsted Rail to create Amsted Rail – Faiveley LLC, a joint venture dedicated to the manufacture of brake components and bogie equipment systems for the freight market. Lastly, in 2012, the Group acquired Graham-White, the American specialist in air-drying technology for braking systems, allowing the Group to reinforce its position in the North American market and extend its range of products.

1.4 OVERVIEW OF DIVISIONS

The Group is structured into four main Divisions, three of which are specialised in Original Equipment and one in Services. A geographic Division dedicated to China was created during the 2014/2015 financial year.

1.4.1 ENERGY & COMFORT

The Energy & Comfort Division includes air conditioning/heating systems, energy-related systems and information & safety systems. The development of integrated solutions based on technical synergies between divisional product segments allows the promotion of high added value systems, thus ensuring the differentiation and competitiveness of the Group's offering.

As of 31 March 2015, the Energy & Comfort Division accounted for 20% of Group sales.

AIR CONDITIONING/HEATING SYSTEMS

The Group offers complete heating, ventilation and air conditioning ("HVAC") systems that also include all ancillary products such as heaters, air distribution ducts, exhaust devices and energy conversion.

The Group provides systems recognised for their reliability, ease of installation and maintenance and low energy consumption. Implementing such systems requires a wide range of project management and engineering skills in such complex fields as thermodynamics, mechanics, aeraulics, acoustics, electricity or electronics. By drawing on an international production network close to its customers, Faiveley Transport designs, validates, manufactures and delivers high quality turnkey products. To reinforce customer satisfaction, the Group offers an "Air conditioning" offer that has now been expanded to cover the entire product life cycle, from engineering to after-sales service, with simple goals: precisely adapt to customers' specific requirements, particularly regarding energy efficiency, and globalise industrialisation locally in order to be as close as possible to customers and suppliers.

ENERGY CONVERSION SYSTEMS

Current collection systems and other electromechanical equipment

Faiveley Transport is the inventor of the pantograph, and remains the pioneer in current collection innovation and the leading supplier of pantographs incorporating dynamic control of the force exerted on the catenary.

The Group's pantographs can be modulated according to each manufacturer's requirements, and cover all market segments (tramways, metros, suburban and regional trains, intercity and high-speed trains, freight locomotives). The Group also offers the entire range of components necessary for the integration of current collection systems (switches, inverters and contactors).

Power converters, storage and management

Thanks to its technological innovations, Faiveley Transport offers patented power conversion solutions that are significantly different from the competition in terms of weight and bulk.

Research & Development efforts are significant in this segment, as they do for energy metering, storing and management solutions, which are future urban transport solutions.

Information & Safety

This product line develops electronic systems for traveller information, driver assistance (tachometer systems, black boxes, safety machines) and for CCTV.

Designed to operate in extreme conditions, electronic systems are constantly being optimised in order to benefit from the most advanced technology.

The Information & Safety segment was transferred to the Energy & Comfort Division at the beginning of the 2014/2015 financial year.

1.4.2 ACCESS & MOBILITY

The Access & Mobility Division provides a system of unique access solutions, and is divided into two segments: On-board access doors and Accessibility, and Platform screen doors and Automatic Platform Gates.

As of 31 March 2015, the Access & Mobility Division accounted for 14% of Group sales.

ON-BOARD DOORS AND ACCESSIBILITY

Faiveley Transport offers a wide range of passenger access systems (train access doors, access ramps and sliding steps) for both urban and suburban networks as well as main line and high-speed trains.

Committed to sustainable development, as part of its train accessibility concept the Group has also included energy consumption reduction, comfort and fluidity of passenger access inside the train; safety and system reliability remain the top priority however. The Group supplies systems and products with significant technological added value.

Currently, more than 500,000 on-board doors and 50,000 steps and ramps designed and manufactured by Faiveley Transport have been installed worldwide.

PLATFORM SCREEN DOORS AND AUTOMATIC PLATFORM GATES

Automatic platform gates are constantly being developed worldwide for both the retrofitting and Original Equipment markets. They provide an interface between tracks and platforms, offer safety solutions, and optimise station stopping time; they are ideal for both the operator and for passenger comfort as they provide protection from accidents or incidents.

Thanks to full-height automatic platform gates in underground air-conditioned stations, the Group’s systems also ensure an effective thermal and sound barrier, capable of retaining the air conditioning in the station, thus enhancing passenger comfort and reducing the operator’s energy costs.

In 2015, the 31,800 modules installed by the Group since the launch of this product line account for more than 170 kilometres of gates.

1.4.3 BRAKES & SAFETY

The Brakes & Safety Division offers a wide-ranging system of solutions divided into two segments: Braking Systems and Couplers Systems.

As of 31 March 2015, the Brakes & Safety Division accounted for 24% of Group sales.

PASSENGER AND FREIGHT BRAKING SYSTEMS

The Group’s product offering covers the complete braking system: from the driver’s cab (where the brake signal is given) to the wheel (where it is applied), which helps ensure totally safe transport for both passengers and goods. To do so, the Group relies on its historical Centres of Expertise in Europe.

Faiveley Transport manufactures all the systems and components allowing brake application on a train:

- the control equipment, including electronic and pneumatic brake control units, or hydraulic in the case of tramways;
- the power brake equipment on the bogies: the axle-mounted discs and associated pads, magnetic track brakes, disc brake stations, wheel brake units, and sanding systems;
- the elements required for air generation and treatment.

Faiveley Transport offers made-to-measure solutions to fulfil international customers’ requirements in two different market segments: Passenger and Freight.

COUPLERS SYSTEMS

The Couplers segment provides products that comply with the different freight and passenger market standards. In strategic terms, Faiveley Transport has elected to position itself in the segment with higher added value, for example by designing an automatic coupler for the freight market.

1.4.4 SERVICES

The Services Division provides all after-sales service for equipment during its service life. It thus provides repair, retrofitting, improvement, maintenance and expertise services for the entire range of equipment in the Group's portfolio.

This Division has grown significantly in recent years, in particular due to the development of an innovation and operator-oriented strategy.

The Services Division accounts for 42% of the Group's sales, and is structured into three segments: Engineering Services, Friction Pairs, and Spare Parts, each segment is supported by local teams and dedicated European Centres of Expertise for each type of product, working closely with customers consolidating the expertise provided.

ENGINEERING SERVICES

The life cycle of rolling stock includes several levels and types of maintenance (repair, retrofit, improvement) that must be carried out to ensure optimised performance over time.

In response to operators' after-sales requirements, Engineering Services offer a wide range of solutions with high added value in terms of reliability, energy efficiency and maintenance costs, to support users around the world.

FRICTION PAIRS

This segment covers engineering, certification, manufacturing, and sales of discs and associated pads as well as brake shoes.

The range of Discs on offer covers all rail segments. For brake pads, the focus is on very high performance pads known as "sintered" pads. This technology is based on metallic material, unlike more common pads that are made with organic material. It specifically targets high-speed and freight trains where energy dissipation during braking is very high.

Through simulator use (which allow variations in the type of disc and friction pad used), the interaction of both friction elements is optimised. The Group can therefore provide integrated solutions known as "Friction Pair". The Group can thus offer operators the best possible combination in terms of brake performance, life cycle, and thus operating costs.

SPARE PARTS

Faiveley Transport Group original spare parts guarantee international recognition of quality and safety. Market expectations are increasingly shifting towards innovative delivery and procurement methods. To this end, the Group is developing a broad range of spare part solutions. They include, for example, the assessment and management of customer inventories, long-term commitments guaranteeing spare part continuity, fixed prices and optimal delivery lead times.

The Group ensures continuity of product delivery during the entire service life of trains, *i.e.* for 30 to 40 years.

1.4.5 CHINA

Faiveley Transport decided to adapt to the opportunities in terms of size, speed and the specific features of customers in the Chinese market, by creating a new geographic Division dedicated to China during the 2014/2015 financial year.

The Division is in charge of developing all the equipment supplied by the Group in China. Sales generated by Group companies in China (including equity-accounted joint ventures and fully-consolidated entities) totalled EUR 164.2 million for the year to 31 March 2015.

A DYNAMIC MARKET

Following two years of low investment in 2012 and 2013, the Chinese Transport Ministry announced a strong upturn in rail investments (up 27% in 2014).

Whilst previous investments were mainly focused on the high-speed or long distance passenger transport segments, Chinese cities are now developing a keen interest in urban areas (metros and tramways) where the number of projects has increased significantly, as well as in regional and intercity transport (multiple units going from 160 to 200 km/h).

The opportunities for the Services Division are also very dynamic in as much as the installed base is growing quickly, as is the length of the network.

WHERE FAIVELEY IS WELL POSITIONED

Present since 1994 with air conditioning and door systems, and since 2007 in the brake segment, the Group operates in China *via* three wholly-owned subsidiaries and four joint ventures. The Group's willingness to cooperate locally with Chinese manufacturers constitutes a major competitive advantage for its future development.

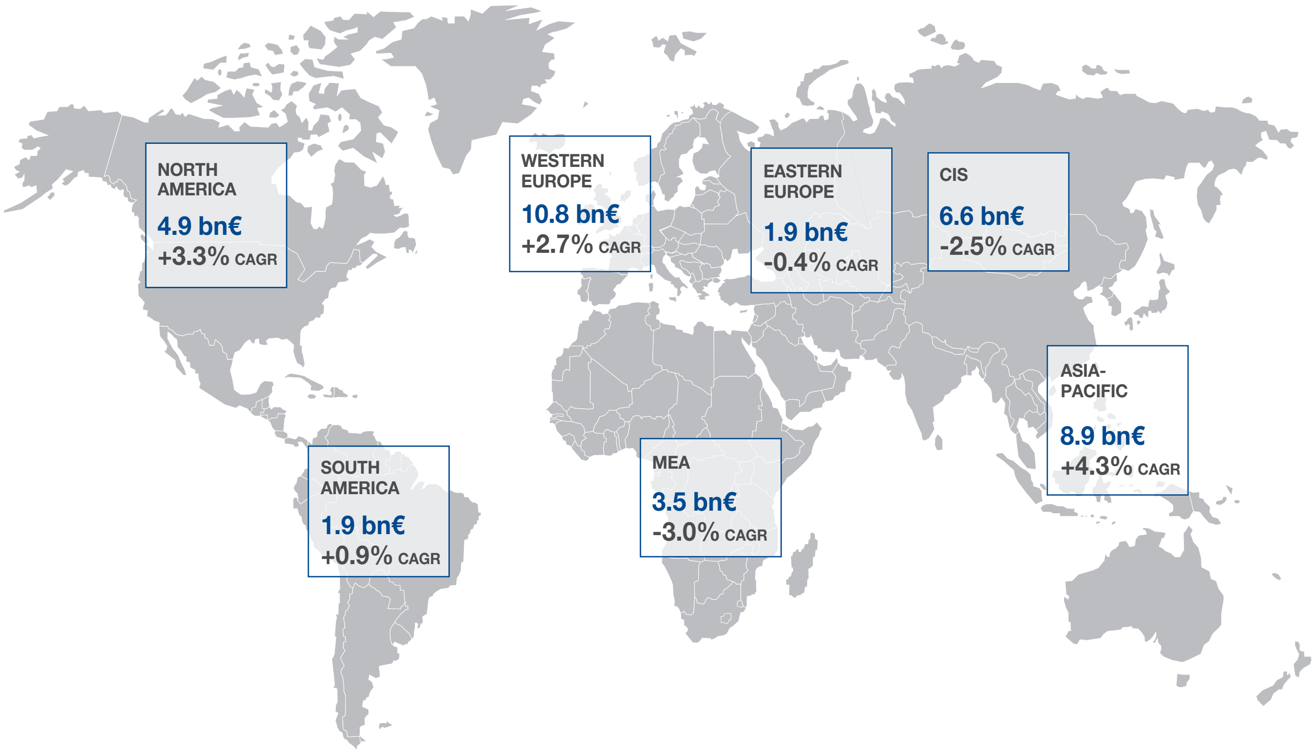
1.5 THE RAILWAY MARKET

As far as the Group is aware, there is no extensive report covering or addressing the supply market for highly technological railway rolling stock system equipment. Consequently, and unless otherwise indicated, the information in this section is the Group's estimates based on publicly available information concerning the global rolling stock market, published in particular by the UNIFE in its twice-yearly study, and is not official data. The Group offers no guarantee that a third party using different methods to collect, analyse or compile market data would obtain the same result. Furthermore, the Group's competitors may define markets differently.

1.5.1 OVERALL TREND

According to the latest study carried out by UNIFE (Union of European Rail Industries) and Roland Berger in his World Rail Market Study-Forecast 2014 to 2019 published in September 2014, the accessible global market for rolling stock totalled EUR 39 billion in 2013.

■ BREAKDOWN BY GEOGRAPHICAL REGION OF THE ACCESSIBLE GLOBAL MARKET FOR ORIGINAL EQUIPMENT ROLLING STOCK (WAGONS INCLUDED) IN 2013 AND AVERAGE ESTIMATED GROWTH RATE FOR THE PERIOD 2011/2013 TO 2017/2019



Source: World Rail Market Study-Forecast 2014 to 2019 – UNIFE/Roland Berger 2014 – focus on 55 countries.

In spite of a difficult economic context, the railway industry offers positive growth prospects internationally for the period 2014-2019. These growth prospects vary according to geographic regions, and range between 0.9% in South America and more than 12% in India. The declines seen in the Middle East/Africa (down 3.0%), CIS (down 2.5%) and Eastern Europe (down 0.4%) regions can be explained by very high comparable base (impact of the PRASA contract in South Africa) or by the unstable geopolitical environment.

By activity type, the overall growth of the global accessible rolling stock market for Original Equipment is estimated by UNIFE at 1.7% on average per year between 2011/13 and 2017/19, and 3.3% for Services.

1.5.2 SUSTAINABLE GROWTH FACTORS FOR THE ROLLING STOCK MARKET

The market for rolling stock benefits from long-term growth drivers as outlined below:

Trends

1. Rapid urbanisation (emerging countries)
2. Sustainable mobility
3. Fleet renewal
4. Increased volume of trade

INCREASING URBANISATION

Growing urbanisation represents one of the main drivers in the growth of the global railway rolling stock market. Whilst only 15% of the world population lived in urban or suburban areas in 1900, this figure recently grew to more than 50%, and is expected to rise to 80% by 2050, according to UN estimates. This urban demographic "explosion" creates high demand for urban and intercity public transport.

SUSTAINABLE MOBILITY

The increasing scarcity of fossil energy resources (causing higher fuel prices), global warming, and worldwide global environmental awareness are all incentives to favour rail transport. It is the most cost-efficient means of transport and, per kilometre travelled, produces low greenhouse gas emissions (23% of greenhouse gas emissions are from transport, with only 0.11% from railways). According to the International Association of Public Transport (UITP or *Union Internationale des Transports Publics*, in a January 2013 study), investment in rail transport, particularly in urban areas, brings wide-ranging advantages to society such as energy and cost savings, and improvements in health due to less traffic congestion and pollution. For example, a tramway carries as many people as 3 buses or 150 cars, and per passenger and per kilometre CO_2 emissions are ten to twenty times lower than those from aeroplanes or cars.

FLEET RENEWAL

The ageing of passenger transport fleets or the requirement to extend their service life represent development opportunities for the rail equipment market, particularly in Europe, where trains are estimated to be 25 years old on average, with some fleets reaching 30 or even 40 years of age.

INCREASED VOLUME OF TRADE

Over the past few decades, the global economy has undergone major changes with the expansion of world trade, the relocation of production platforms to low cost regions, and consequently increased demand for raw materials by emerging countries. Rail freight is an attractive means of transport, which benefits from the growth of trade.

1.5.3 HIGH BARRIERS TO ENTRY

The railway equipment industry typically has high barriers to entry. They concern in particular:

- the certification of goods and services by national authorities as well as local operators. Certification processes are lengthy, and require local presence and expertise;
- regulations, which require the necessary accreditations and technical approvals for rail products and services. Obtaining these authorisations is developed over a long period;
- technical expertise: customers require products adapted to each new project. The equipment manufacturer must have strong technical and engineering expertise to supply customers with customised products;
- the requirement to be a world leader, in particular to be recognised for technical expertise and an installed base, and especially for the safety systems supplied by Faiveley Transport.

1.5.4 A MARKET IN WHICH THE GROUP HOLDS LEADING POSITIONS

The Group valued the Original Equipment market at approximately EUR 5.1 billion at the end of 2013/2014 and considers it holds key positions in most of the markets where it operates:

Division	Market size[1] 2013/2014 orders	Competitive environment	Competitive position[2]
Energy & Comfort	EUR 1.4 billion	**Air conditioning systems:** five global players, several regional players. **Energy:** numerous players. **Information & safety:** numerous local and regional players.	**Air conditioning systems:** global leader. **Energy:** In the global top 5 depending on market segments. **Information & Safety:** a European player.
Access & Mobility	EUR 1.2 billion	**On-board access doors:** 5 global players, two newcomers. **Platform screen doors and automatic platform gates:** 2 global players. Numerous local players.	**On-board access doors:** World No. 3. **Platform screen doors and automatic platform gates:** global leader.
Brakes & Safety	EUR 2.5 billion	**Braking systems:** three global players, several regional competitors. **Couplers:** three major European players.	**Braking systems:** World No. 2. **Couplers**: World No. 3.
Services	N/A	Several global players, many local players.	One of the world leaders.

(1) Source: Internal estimates based on orders.
(2) Internal estimates.

Given the promising market prospects, Faiveley Transport's goal is to meet railway sector demand whilst winning market share. The Group will therefore focus its efforts on the following areas:

- **continue its policy of supplying innovative, comprehensive and high technological added value systems** to its three core Original Equipment Divisions: Energy & Comfort, Access & Mobility, Brakes & Safety;
- **continue the expansion of its Services Division;**
- **strengthen its presence in key markets**, particularly in China, India, the United States and Western Europe, as well as consolidating its positions in mature markets, and harnessing the opportunities offered by certain emerging markets;
- **continue a policy of acquisitions** in strict accordance with the Group's strategic, product and geographical priorities, while increasing production capacity in low cost countries.

1.6 GROUP STRATEGY

As a key player in rolling stock equipment supply, Faiveley Transport's aim is to meet the requirements of railway manufacturers, operators and maintenance authorities worldwide in all market segments from freight to high-speed trains.

On 28 May 2015, during the presentation of its 2014/2015 full-year results, the Group presented a three-year strategic plan (the presentation is available on the Faiveley Transport website: http://www.faiveleytransport.com): CREATING VALUE 2018

Faiveley Transport targets value creation for all its main stakeholders, its customers, its shareholders and its employees through the implementation of the Plan CREATING VALUE 2018, built around five strategic building blocks:

- Shape: adapt our industrial footprint and our organisation;
- Execute: aim for operational excellence;
- Create: invest in Product and System innovation;
- Develop: focus and boost our commercial actions;
- Grow Talent: create a shared culture and develop our talents.

With the following financial targets:

- sales of EUR 1.3 billion in 2017/2018;
- Group operating profit before restructuring representing between 11% to 12% of sales in 2017/2018;
- more than EUR 110 million free cash flow generated over the three years of the plan.

1.6.1 FIVE STRATEGIC BUILDING BLOCKS

The Group aims to be one of the three leaders in the rail equipment market in each of its key strategic geographies and for each of its product lines globally. To achieve this, all the Group's teams have been involved during the 2014/2015 fiscal year in developing Faiveley Transport Group's new 2017/2018 strategic ambition. As such, the Group has defined a set of action plans based on the following 5 operational pillars:

SHAPE: Adapt our industrial and organisation to improve our performance and our competitiveness

Industrial footprint: develop manufacturing and procurement bases in low cost regions whilst retaining control of engineering and project management within internationally-recognised historical centres of expertise.

- For example, the Group is investing in a brand new industrial site in Plzen, in the Czech Republic, which will at initial stage concentrate on the pantograph assembly activities, and then will be further developed for brakes, couplers and doors components assembly.
- The Group is also planning to develop its existing industrial base in India to support the growth of the local market and as a manufacturing base for exports to support certain major train manufacturers customers who have chosen this country as their strategic industrial base.

Organisation: adapt our organisation and redefine governance to improve performance.

- Strengthening the Products Divisions by giving them full responsibility for their allocated scope and sites with significantly increased resources (Project management, Engineering, Quality, Procurement, Supply Chain, etc.).
- Creation of the China Division with its own management to ensure complete alignment with the Chinese market in terms of responsiveness, products, costs and the specific requirements of Chinese customers.
- Hierarchical integration of each of the Finance and Human Resources functions to strengthen their independence and their control role, whilst contributing further support to the Divisions (Business Partner).

EXECUTE: Aim for operational excellence, particularly in terms of quality, project management, on-time delivery and competitiveness, the main aim being to fully satisfy the demands of our customers, with the related objective of improving our financial performance.

Faiveley Worldwide Excellence: the continuation of this programme which was launched in 2013/2014 remains a major action plan to achieving the operational excellence target the Group has set itself. It may be noted that this programme is structured around the standardisation of management models (rollout of Faiveley Management System's best practices), the major strengthening of internal control and the harmonisation of key operational management tools (ERP, PDM, CRM).

Strengthening operational functions thanks to the introduction of a Project Management Office and a supplier development programme, the creation of a Group Operational Department, and a strengthening of Procurement and Supply Chain initiatives. The Project Management Office will for example play a key role in defining best practices in Project Management, in the training and monitoring of project managers, and in field audits of major projects.

CREATE: Invest in Product and System Innovation to maintain a technological edge, meet customers' needs and improve our competitiveness.

The Group's **key innovation and research priorities** are energy efficiency and mass reduction, systems reliability and availability, original equipment product cost reduction and total life cycle cost optimisation for operators.

DEVELOP: Focus and accelerate our commercial initiatives to achieve steady and profitable growth that outpaces the rail market.

Four priority regions in the Group's commercial strategy: China, India, North America and Western Europe. The first three key markets offer significant growth potential for Faiveley Transport, either through their intrinsic growth, or due to the Group's potential to make market share gains. Western Europe remains the Group's core market, and is key due both to its size and to major car-builders engineering teams being localised in Europe, including for emerging markets projects (Middle East, South-East Asia, etc.).

Services: continuation and acceleration of the successful strategy to expand the Group's range of Services, which will be accompanied by a strengthening of sales teams and dedicated operational initiatives.

External growth: the Group aims to take advantage of acquisition opportunities to consolidate its position in market segments or specific regions or in complementary technologies with a clear aim of creating value over the medium-term.

GROW TALENT: Promote a shared culture and a working environment which foster talent development and team commitment.

Talent management: develop a more proactive policy of identifying, developing and motivating the Group's key talents.

Values: Roll out our framework of shared values "**Reliable – Collaborative – Passionate**", to bring together all the Group's teams.

1.6.2 FINANCIAL OBJECTIVES

Thanks to the strategic plan's initiatives, Faiveley Transport has set itself the following 2018 financial objectives:

SALES GROWTH

Faiveley Transport targets **2017/2018 sales of EUR 1.3 billion** broken down as follows:

- sales at current rates and constant scope of EUR 1.15 billion reflecting an **annual average sales growth of 4%** in 2016/2017 and 2017/2018 fiscal years (following slight growth in 2015/2016), underpinned in particular by the stronger growth expected from the Services Division over the next few years; and
- an **additional contribution from acquisitions and external growth** over the duration of the plan.

INCREASE IN OPERATING PROFIT

The Group's objective is to achieve **Group operating margin before restructuring of between 11% and 12% of Group Sales (between EUR 125 million and EUR 140 million of Group operating profit before restructuring, excluding external growth).**

To implement its Strategic plan and achieve this objective, the Group will devote significant additional means, in particular for the industrial initiatives, the organisation and the information systems. The Group anticipates the non-recurring part of these extra resources and additional restructuring costs to be at EUR 10 million per year between 2015/2016 and 2017/2018. Restructuring costs are estimated at approximately EUR 5 to EUR 7 million per annum for the duration of the plan and mainly relate to the actions related to the "Shape" pillar of its three-year plan.

FREE CASH FLOW

To achieve its Strategic Plan, the Group plans to increase its **level of capital expenditure to an exceptional average of 3.5% of Group sales per annum over the course of the 2015/2016 and 2016/2017 financial years before returning in 2017/2018 to a similar level to that seen historically (2% of Group sales).**

The Group has set itself the objective of **generating cumulative free cash flow of more than EUR 110 million over the three years of the plan** despite this substantial increase in investments. Growth in Group operating profit before restructuring and a better management of its inventories should be the main levers on the free cash flow.

DIVIDEND POLICY

The Group is maintaining its **pay-out policy of 20 to 25% of consolidated net profit.**

1.7 REGULATIONS ON THE **RAIL PRODUCT AND SYSTEM MARKET**

In addition to the traditional certification schemes, ISO 9001 (quality management systems), ISO 14001 (environmental management), OHAS 18001 (workplace health and safety management) that apply to all fields, the rail products and systems market is subject to specific requirements concerning supply chain and quality management at national, European or international level. As part of its operations, the Group is subject to various regulations issued by government agencies or professional associations concerning passenger safety, design and maintenance, or system interoperability.

At an international level, within the UNIFE the IRIS (International Railway Industry Standard) has been developed based on the ISO 9001 scheme, with the addition of further requirements specific to the railway market. Faiveley Transport Group sites are IRIS certified.

In Europe, the European Committee for Standardization (CEN) continually drafts new European standards (EN) to which the Group are subject, including:

- EN 50126, which covers the Reliability, Availability, Maintainability and Safety (RAMS) of railway systems during all phases of service life;
- EN 50129, which establishes the conditions for acceptance and approval of safety-related electronic railway signage systems;
- EN 50128 specifies software safety integrity levels;
- EN 15085, which defines construction, manufacture, and testing requirements for welded joints, as well as the organisation of in-company welding operations, and welding personnel and coordinator qualifications.

In the United States, the Association of American Railroads (AAR) supervises regulatory requirements, but also certifies railway equipment suppliers whose products will be put on the US market.

In Russia, a GOST-R certificate of conformity is mandatory for all products related to the safety of individuals on Russian territory.

In China, any product or system sold on the Chinese market must have been certified in accordance with national standards known as “GB standards”, or in accordance with professional “Industry Norms” or local “Provincial Norms” reference frameworks, which are subsequently rolled out by national or provincial authorities.

In the local Indian market, most products are covered by the specifics of the RDSO regulations largely inspired by US (AAR) and international (UIC) standards.

Furthermore, the opening of European railway networks to competition requires the interconnection of national railway networks. To guarantee interoperability between different railway networks, the European Union adopted Directive 2008/57/EC with the aim of harmonising technical standards.

Interoperability is based on the regulations of the International Union of Railways *(Union Internationale des Chemins de Fer* or UIC), the Technical Specification of Interoperability (TSI) and the Euro Norms (EN) that apply to its members, who are mostly European operators. These regulations relate in particular to electronic, braking, door and air conditioning systems, in accordance with procedures specific to passenger and freight trains.

Regulations related to the safety of people and material also affect design rules. They lead to:

- the review of materials used: in compliance with the RoHS Directive “Restriction of the use of certain Hazardous Substances in electrical and electronic equipment” and REACH regulation “Registration Evaluation Authorisation and restriction of CHemicals”, some substances are prohibited because of their toxicity, and the use of others is strictly supervised. Furthermore, according to the WEEE Directive (Waste Electrical and Electronic Equipment), materials with a high recycling potential should be used as a matter of priority;
- the re-design of much equipment in order to comply with European standards on noise pollution and waste generation;
- system safety. The SIL (Safety Integrity Level) specifies the integrity level of each function of system safety.

In addition to these elements, Faiveley Transport Group is subject to various standards and locally applicable regulations in the countries where it operates.

1.8 DEVELOPMENT AND INVESTMENT

1.8.1 INNOVATION AT THE CORE OF DEVELOPMENT

The primary mission of the Research & Development Departments is to develop the Group's offering. Based on the information provided by the Engineering and Marketing Departments, as well as its own analyses, the Group's Research & Development Departments develop products, systems and solutions that they subsequently validate in the laboratory and on board vehicles.

ENERGY EFFICIENCY AND COMFORT

In recent years energy efficiency and passengers' well-being have become the key improvement areas for railway transport.

At its Centre of Expertise in Ville-aux-Dames, in France, the Group has a specific Research & Development Department enabling it to permanently focus on innovation, in order to meet the needs of rail operators, manufacturers and signallers.

Moreover, the Group has developed a leading product for the European energy meter market with the patented DEMETRA technology, which is currently installed on existing TGV fleets in France, and which will help to optimise consumption and energy efficiency in the operation of this network.

With its HVAC integration/Converter solutions, Faiveley Transport offers systems which enable optimised management of consumption and which significantly reduce operating costs, with rapid returns on investments for operators.

EQUIPMENT RELIABILITY AND SAFETY

In an unfavourable economic context, rolling stock investment optimisation is an important issue. This results in higher demand for safe and reliable equipment.

To answer this need, Faiveley Transport is developing a predictive maintenance service for train equipment. This model is based on sophisticated ageing models, validated by experimental measurements. The goal is to identify component failure patterns, allowing the operator to anticipate and prepare maintenance actions. The resulting optimisation of both operation and maintenance can lead to reduced ownership costs.

Lastly, it is worth mentioning the significant developments that simplify passenger access thanks to standardised information systems and improved means of access for those with reduced mobility.

These areas of progress have applications in the different systems developed by the Group. The development of equipment reliability also enables the Group to reduce its costs over the course of a project both in terms of research and development but also in after-sales service.

BRAKING SYSTEMS

The Group's research efforts have been mainly focused on brake controls, and in particular concerning the specification of braking distance and operational safety thanks to innovative electronic and mechatronic systems. The Group is also investing in the bogie brake segment with components whose size and weight have been optimised as well as through an improvement in performances.

Recently, the Group introduced Faiveley Neoflexx® Disc, a new patented axle mounted brake disc technology. Lighter and more energy efficient than traditional discs, it offers lower wear rates and strong resistance to mechanical and thermal loads. These performances allow operators to significantly extend the lifespan of their equipment whilst also reducing their operating costs.

ACCESS SYSTEMS

The Group continues its efforts to develop new access products for the urban segment, improving its range of steps and platforms to address the needs of people with reduced mobility. Reducing the weight of railway rolling stock is also a growing concern for the Group's customers, insofar as it helps reduce rolling stock energy consumption. Faiveley Transport has intensified its Research & Development efforts in these areas to be able to provide tailored solutions.

In this way, Faiveley Transport has developed Clear-Flow™, a new type of half-height door, offering a higher, safer and more stylish platform edge barrier. Specially designed to be installed modularly on existing projects and lines, it integrates seamlessly into the architecture of stations and improves both the comfort and safety of passengers.

In addition, the new ultra compact and ultralight door mechanism, ESP4C©, is the most recent such example. The compact dimensions of this mechanism, which is intended for urban and inter-city transport, means it can be easily installed in our customers' vehicles. In addition, the high level of standardisation, the simplicity and ease of maintenance of the ESP4C© are also qualities sought by our customers.

AIR CONDITIONING SYSTEMS

Faiveley Transport continues its efforts to substantially reduce energy consumption, noise pollution, and to improve air quality. The Group is researching and developing the use of new components allowing increased competitive advantages for its equipment.

For example, given the implementation of European regulations relating to refrigerants, Faiveley Transport Group is working on new air conditioning systems using alternative refrigerant substances which limit global warming potential.

Strong competition from emerging countries is an incentive for European rail manufacturers to differentiate *via* technological innovation. The Group, aware of this issue, has set aside a significant proportion of its investments for Research & Development (approximately 2% of sales).

Many projects have their own technical specifications. With the support of Research & Development the Group is thus developing tailor-made solutions for customer requirements as part of their projects; the latter is not directly reflected in the Group's Research & Development expenditure. Such project engineering expenditure accounts for approximately 5.4% of sales.

1.8.2 INTELLECTUAL PROPERTY

Every year, the Research & Development team generates new ideas and technical solutions that are filed with Patent Offices after analysis and comparison with competitors' patents. Other forms of intellectual property are also exploited, such as utility models and trademarks.

Faiveley Transport has over 2,100 valid European or international patents (including 44 patent families filed during the 2014/2015 financial year) covering technical solutions in many fields (brakes, doors, pantographs, air conditioning, control and power electronics). Most of these patents directly cover products, systems and solutions, but not methods or production processes. The Group considers that these patents safeguard and protect current and future business.

The Group ensures its research results are carefully protected. A national patent application represents the first level of protection. Based on requirements and the industrial context, the patent may be extended to other countries. The level of coverage is determined by the market in which the concept and/or solution will be used.

Faiveley Transport also closely monitors the patents of its competitors. Such monitoring is fundamental because it allows the Group to:

- monitor possible infringements of existing valid patents, archived under the Company's name;
- monitor ideas and innovations protected by competitors to prevent possible litigation related to patent infringement;
- be aware of competitors' Research & Development activities in order to understand their strategies and development trends.

The Group also protects its intellectual property by means of non-disclosure agreements. The Group and external partners likely to have access to information relating to trade or design secrets or other sensitive elements such as costs, prices or strategy jointly sign these documents, which are in various forms. These partners may be co-developers, consultants, suppliers, customers or agents. A specific agreement is drawn up for each partner. A specific agreement is drawn up for each partner.

Lastly, Faiveley Transport has established an intellectual property protection programme covering the expertise of its main in-house technicians and engineers. By means of a specific non-competition agreement compliant with local employment laws, this arrangement protects the growing number of staff members.

1.9 SIGNIFICANT CONTRACTS

As of the date of filing of this Registration Document and in view of the nature of its business, the Group has not concluded any major contracts other than contracts entered into in the normal course of business, with the exception of the loans described in the Sources of financing section of the financial report of this Document.

RISK FACTORS 2

This chapter presents the significant risks to which the Group considers itself to be exposed given its activities and its environment. The risks outlined below are, on the date this Registration Document was filed, the main significant risks identified which could have a considerable negative impact on its activity, financial position or results. Taking account of its locations, other risks and uncertainties of which the Group is unaware or which are not deemed to be significant may also have a negative impact on the Group's activity, its financial position or its results.

The Group has introduced strict risk control procedures that have been formalised in two frameworks at Group level: the Internal Control Manual and the Faiveley Management System.

The Internal Control Manual covers the standard controls that entities must implement in order to reduce risks associated with assets, financial information and regulations. A section of the Manual is devoted to the controls covering specific Head Office processes (governance, external growth, accounting consolidation, cash risk management, etc.). The Faiveley Management System (FMS) collates the performance criteria expected within the Group. These two frameworks are more generally implemented within each site as part of the Group's Faiveley Worldwide Excellence (FWE) programme, launched in June 2013 and particularly designed to significantly improve quality, responsiveness in problem solving, punctuality of deliveries and the reliability of project margins.

2.1 RISKS RELATED **TO GROUP OPERATIONS**

2.1.1 RISKS RELATED TO THE MACROECONOMIC ENVIRONMENT

DESCRIPTION OF THE RISKS

The Group's long-term operations depend on multiple factors such as global economic growth, public policy relating to public transport as well as the price of raw materials.

Government measures to control public spending that are related to the high level of debt of certain states can result in a reduction in public investment in the rail transport market, with the risk of a heightened tax burden at a local level. The Group also faces strong competition from both its traditional rivals and new contenders from emerging countries, particularly Asian, which benefit from cheaper labour. The impact of this increased competition could have an effect on the prices, payment terms, lead times and performance expected by the customers.

RISK MANAGEMENT

The Group considers that the level of its order book, as well as all the measures taken to improve its competitiveness, in particular its cost cutting plans and its plans to adapt the workforce to meet changing demand and its geographical coverage, should enable it to remain profitable and to withstand the competition.

Faiveley Transport has adjusted its industrial strategy in line with this new competitive landscape and has adapted its product range to better meet its customers' expectations. Nevertheless, the measures taken by the Group could prove inadequate in the event of a prolonged slowdown of the economy in the regions in which it operates, a substantial drop in the level of investment in rail equipment or increased and lasting competition, all of which may have a negative impact on the development of the Group's activity and its results.

2.1.2 CONTRACT EXECUTION RISKS

DESCRIPTION OF THE RISKS

Faiveley Transport's activity involves the signing of complex contracts with exacting obligations regarding the reliability, safety and durability of equipment and which can be extend over long periods of time, linked to the life of the train or the metro which they are equipping. Risks related to the development of new technologies must be taken into account along with those linked to the obsolescence of components. Legal and regulatory developments related to the Group's activity may also be a risk factor.

Sales and profitability of projects depend on elements that sometimes fall outside the Group's control, such as the occurrence of unforeseen technical or quality problems relating to the equipment provided, deferrals or delays in the execution of contracts, and financial difficulties faced by customers or suppliers, or a system environment whose outlines have not been entirely specified by the customer. Profit margins on projects may also differ from those originally forecasted insofar as the costs and the productivity expected may vary during the execution of the contract. Accordingly, the profitability of certain contracts may significantly affect the Group's results and cash flow over a given period. Although these cases remain highly unusual, Faiveley Transport could be faced with bank guarantees payable on first demand from its customers for potentially large sums.

RISK MANAGEMENT

The Group has implemented strict risk control procedures that apply from the submission of the bid to the execution phase. Faiveley Transport cannot however guarantee that all these measures will be sufficient. Certain contracts may be subject to additional costs, delays or poor technical performance leading to the payment of penalties or compensation. Such difficulties, which are commonplace in the Group's industry, may have a negative effect on the Group's results and financial position.

When Faiveley Transport sells its products or signs sales contracts with the associated maintenance, it may be required to accept binding penalty clauses related in particular to delays, performance, availability of materials as well as relatively lengthy guarantee and obsolescence clauses. These contracts sometimes contain clauses enabling the customers to terminate the contract or return the product if performance requirements or delivery schedules are not met. These clauses, as well as the development, engineering and manufacturing phase of new products, can result in the event of problems in unforeseen costs related particularly to the application of penalties for delay and additional for product modification, as well as claims and disputes with the customers concerned.

During the 2014/2015 financial year, the Group faced additional costs and technical development issues relating to certain supply contracts related to new major projects. Provisions for risks, guarantees and penalties recognised during the financial year are included in Note 18 to the Group's consolidated financial statements.

2.1.3 SUPPLIER RISK

DESCRIPTION OF THE RISK

As an industrial company, Faiveley Transport is exposed to risks related to the quality and sustainability of its supplies of sub-systems, components and raw materials. Since the Group supplies complex and innovative products, a potential problem in ensuring that the materials and components are delivered on time and are of the required quality could lead to material delays, result in increased costs, harm relationships with its clients and have a negative impact on the Group's operations, financial position or results.

In addition, as part of its business, the major operating entities of the Group may be confronted with a risk of dependence with certain suppliers or subcontractors for certain components, or with certain suppliers or subcontractors being dependent on the Group.

RISK MANAGEMENT

The implementation of best purchasing practices and the management of purchases by type of component or raw material and by supplier enable the Group to accurately assess these risks of dependence and take the necessary steps. Both the internal control system and the Faiveley Management System framework contribute to the better management and anticipation of these risks.

The Group has a selection process in place for its suppliers that includes, in addition to the financial stability and professional civil liability insurance criteria, a selection audit by the subsidiary's supplier Quality Department and a follow-up of performance. Every return or rejected component leads to the setting up of a working group dedicated to resolving the issue, in order to analyse the causes and make a decision as to changes to be made to prevent the same problem from reoccurring.

Due to a difficult economic environment, each site implemented increased monitoring of its suppliers whether at selection stage and regularly in order to pre-empt the financial failure of any major supplier.

At 31 March 2015, the Group's main supplier represented less than 1.3% of purchases, the first ten suppliers represented 8.9% of purchases.

2.1.4 RISKS RELATED TO THE DEVELOPMENT OF NEW PRODUCTS

DESCRIPTION OF THE RISKS

Faiveley Transport designs and develops products with high-technological added value. The Group has to develop, within increasingly short time frames, new products that are both sophisticated and complex. The products must be adapted to any new regulatory standards within their markets. The time available for testing is steadily decreasing, whilst the risks may increase. It is sometimes necessary to modify products during the manufacturing process or when customers begin operating them, with an increase in development costs. Such costs may have a potential negative effect on the Group's results and financial position.

RISK MANAGEMENT

In order to prevent such risks, Faiveley Transport has introduced quality procedures from the initial design of its product and right along the production phase with in particular the implementation of a specific and formal plan for the validation of trials. In the event of a product malfunction, the nature and source are analysed and corrective actions are implemented. Both the internal control system and the Faiveley Management System framework contribute to the better management and anticipation of these risks.

In addition, the Group records warranty provisions calculated based on a specific percentage for each product manufactured and the reliability experienced over time, as well as provisions for liabilities and charges. Provisions for risks are detailed in Note 18 to the consolidated financial statements in Chapter 3 of this Registration Document.

2.2 FINANCIAL RISKS **AND MARKET RISKS**

As part of its business, the Faiveley Transport Group is exposed to various types of market risks, in particular foreign exchange, interest rate, raw material, credit and liquidity risks. A detailed description of these risks is provided in Note 20 to the consolidated financial statements in Chapter 3 of this Registration Document.

The Group's management of foreign exchange, interest rate and raw material risks seeks to minimise the potentially unfavourable effects of the financial markets on the Group's operating performance.

2.2.1 FOREIGN EXCHANGE RISK

DESCRIPTION OF THE RISK

Due to its international activities, the Group is exposed to an exchange rate risk inherent in the use of several foreign currencies. The main currencies concerned are the US Dollar, Chinese Yuan, Hong Kong Dollar, Czech Koruna, Swedish Krona, Pound Sterling, Indian Rupee, Swiss Franc and Brazilian Real.

RISK MANAGEMENT

The Group's policy is to systematically hedge against currencies contract by contract, except for certain very long-term contracts and certain currencies, which are faced with the technical limitations of hedging or prohibitive costs. Information concerning derivative financial instruments currently in place to hedge the exposure to exchange risks for future purchases, as well as the sensitivity analysis for the Group's main currencies is detailed in Note 20 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.2.2 INTEREST RATE RISK

DESCRIPTION OF THE RISK

The interest rate risk to which the Group is exposed is mainly due to long term financial loans.

RISK MANAGEMENT

To manage this risk, the Treasury Department has implemented a hedging strategy using interest rate swaps, tunnels, caps and options.

Net exposure and the sensitivity analysis are described in the Note 20 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.2.3 RAW MATERIAL RISK

DESCRIPTION OF THE RISK

The Faiveley Transport Group is exposed to increases in the cost of raw materials such as steel, cast iron, copper, aluminium and rubber, as well as to increases in transportation costs.

RISK MANAGEMENT

A detailed description of the raw material risks and its management is provided in Note 20 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.2.4 CREDIT RISK

DESCRIPTION OF THE RISK

Credit risk is the risk of financial loss, due to the breach by a third party of their commitment to honour a debt. The Group is primarily exposed to credit risk through its accounts receivable for its operational activities and through its currency hedging contracts and other financial instruments entered into with banks and financial institutions for its financial activities.

RISK MANAGEMENT

The Group's policy is to verify the financial health of its customers and particularly those wishing to obtain extended credit terms. In the case of derivative instruments and cash transactions, counterparties are limited to the high-quality financial institutions that currently finance the Group.

The Group also practises debt factoring and the assignment of receivables. Detailed description of the credit risks and its management is provided in Notes 13 and 20 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.2.5 LIQUIDITY RISK

DESCRIPTION OF THE RISK

The Group may not be able to comply with future commitments that it has undertaken or have the required liquid assets or funding to successfully execute its development and/or mergers and acquisitions strategy.

RISK MANAGEMENT

The Group regularly and specifically reviews its liquidity risk and considers that it is in a position to meet its maturities. The Group's Finance Department monitors all of the Group's liquidity in order to honour its financial commitments by maintaining a sufficient level of cash and financing facilities.

Detailed description of the liquidity risks and its management is provided in Notes 19 and 20 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.2.6 EQUITY RISK

The Group does not hold a share portfolio but deposits excess cash balances. The risk on these instruments is considered to be low.

2.3 LEGAL RISKS

This section provides a limited overview of the various forms of legal risks arising from the Group's operations and the execution of its contractual and regulatory obligations. The Group considers that sufficient provision charges have been recognised to date to cover all risks and disputes.

2.3.1 RISK OF NON-CONFORMITY

DESCRIPTION OF THE RISKS

The Faiveley Transport Group may be confronted with the usual risks encountered by all industrialists that produce and sell manufactured products. In general terms, it entails liability for faulty products.

A Group subsidiary may be held liable by another professional (car builder, operator and maintenance) in the event of non-conformity of products delivered or non-compliance by the seller of contractual commitments in terms of timescale, reliability, sustainability, etc. Guarantees concerning the proper operation of products delivered are granted for longer or shorter periods (between 12 or 48 months on average) according to the demands of the final customer, the type of project and its specific features. The risk related to this contractual guarantee is evaluated upstream and included in the price of the product.

RISK MANAGEMENT

Product risk is identified very early on, due to the understanding and technical feasibility study of the project by a specialised and dedicated team within the design office.

In order to limit the risk of non-conformity, the Group also uses the contractual technique that restricts certain types of damages between professionals, and even eliminates some of them (loss of profit, damage to image, loss of customer base or sales).

In addition, the Group uses insurers to cover operational civil liability and products adapted to its business and in compliance with customer requirements, also covering issues related to the performance of services entrusted to subcontractors.

As part of its equipment contracts, the Group's subsidiaries are contractually bound to maintain equipment with a lifespan of several decades. A specific plan is set up to manage obsolescence of each project, with the assistance of the manufacturer and/or operator. The requirement to keep equipment operational and reliable during this time period imposes on the equipment manufacturer the need to ensure leading edge technology and to set up a stock of spare parts in order to avoid a sudden break in supply. Contractual obligations (duty to alert, end of life orders, selection of a second source, etc.) are imposed on the Group's own suppliers. In French contracts, the legal liability for hidden defects also applies throughout the life of the product even though, between professionals, its application may be expressly excluded by contract.

Liability as a result of product defects may also have an effect in terms of risk, even if the user often only knows the operator, while the chain of contract prevails between the operator, the car builder, the equipment manufacturer and the supplier.

Provisions for risk are detailed in Note 18 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

2.3.2 RISK OF COUNTERFEIT

DESCRIPTION OF THE RISK

Research and innovation are key factors in the Group's development. The use by a third party of technology or expertise developed by the Group or the use by the Group of technology or expertise developed by another company could have a significant impact on the Group's activity, financial position or results.

RISK MANAGEMENT

Every entity with a design office has set up a process to monitor technology to detect all inventions patented by third parties that may thwart its future developments.

Groups within the leading technical project teams as well as in the various competence centres have been organised internally to detect risks related to the counterfeiting of intellectual and/or industrial property rights that may be held by third-parties. At Faiveley Transport Group head office level, monitoring takes place *via* an appropriate monitoring system.

The Group avoids granting licences in countries where counterfeiting is not easily punished. Across the selection of specialists in intellectual property, the Group has built a portfolio of patents and brands that is regularly analysed and evaluated. On behalf of the Group, these specialists carry out surveillance of all similar patents and/or brands and take the necessary steps to protect the Group's rights in that area, both in France and abroad. The technology and the expertise held by the Group are also automatically protected by terms of secrecy, which is reflected in the signature of confidentiality agreements or clauses with both customers and suppliers very early in the pre-contract relationship.

Both the internal control system and the Faiveley Management System framework contribute to the better management and anticipation of this risk.

2.3.3 ANTI-COMPETITION, ILLEGAL OR NON-REGULATORY PRACTICES RISKS

DESCRIPTION OF THE RISKS

As part of its activities, the Group may be exposed to anti-competition, fraud, corruption, illegal or non-regulatory practices. Certain Group companies and/or employees may be subject to investigations or proceedings by the judicial or administrative authorities. As a listed company, Faiveley Transport must ensure its full and ongoing compliance with all the *Autorité des Marchés Financiers*' regulations.

In addition, the Group takes part in international tenders with various clients. Although the Group pays particular attention to respecting strict ethical principles, isolated acts by employees cannot be excluded. The liability of the Group's executives or companies could then be sought by potential third parties. The occurrence of such events could give rise to penalties, particularly financial, and/or affect the Group's reputation and as a result have an unfavourable effect on the Group's activity, financial position and results.

RISK MANAGEMENT

The Group has internal control rules and procedures to manage the risks related to these illegal practices, which have been strengthened. Within this context, Faiveley Transport has given every employee an Ethics Charter which requires strict compliance with the rules set out in particular to prevent corruption. Both the internal control system and the Faiveley Management System framework contribute to the better management and anticipation of these risks.

However, given the extent of its geographic coverage, Faiveley Transport cannot guarantee that problems will not arise, or that such difficulties will not have a significant effect on the Group.

On 5 February 2014, the Group's Indian subsidiary, Faiveley Transport Rail Technologies India Limited, was notified by the Indian Competition Authority of a penalty of INR 57 million (EUR 700 thousand) for price fixing during a tender for the delivery of spare parts to the Indian Rail Transport Ministry. An appeal of this decision was lodged with the appropriate court on the grounds of lack of legal basis since the tendering process discloses to bidders the price of the spare parts that were supplied during previous tenders. Due to the appeal lodged, this penalty had not become enforceable as of 31 March 2015. The statement of defence was filed on 17 February 2015 with a deadline for written submissions on 24 February 2015. The ruling is expected during the 2015/2016 financial year.

In addition, this same subsidiary was recently notified (April 2015) by the Indian Competition Authority that it was opening an administrative investigation into price fixing, following a complaint lodged in 2013 by the client "Rail Coach Factory", a production facility of "Indian Railways" in relation to the supply of brake discs. The Company responded to the findings of the Competition Authority's "rapporteur" and the first hearing is to be held in May 2015. The process should last for six months. As of the date of publication of this report, the Group's Indian subsidiary believes that it has solid grounds to support its defence in this case.

The Group's Brazilian subsidiary, Faiveley Transport do Brasil Ltda. was notified by the Sao Paolo District Prosecutor (Brazil) of a civil investigation into price fixing and a cartel with regard to eleven companies as part of a tender for the upgrading of trains of lines 1 and 3 of the Sao Paolo metro. A statement of defence was filed on 16 December 2014 rejecting any involvement by Faiveley Transport do Brasil in the acts reported and requesting all civil and criminal action with regard to it to be thrown out.

In July 2014, the Group was informed that an administrative investigation had been opened by the Chinese authorities in relation to one of its Chinese subsidiaries. This subsidiary was accused of fraudulent dealings committed by one of its employees. On 21 April 2015, the Chinese subsidiary was notified of an administrative fine of RMB 8.3 million (EUR 1.1 million) corresponding to the unwarranted profits.

The *Autorité des Marchés Financiers* ("AMF"), the French regulatory authority for listed companies, launched an investigation into Faiveley Transport's financial information and its trading activity. Following the investigative procedure, in March 2014 the AMF College notified Faiveley Transport of certain complaints in respect of which Faiveley Transport may have failed in its obligation of public disclosure at the end of the 2011/12 financial year. A "rapporteur" in front of the Enforcement Committee has been appointed and a hearing before this Committee was held on 18 June 2015. The Committee should issue its final decision before mid-July 2015. Faiveley Transport defends the relevance of its financial communication and the related schedule as well as the reliability of the information disclosed during this period.

2.3.4 TAX RISK

DESCRIPTION OF THE RISK

The Group's companies are subject to controls by the tax authorities of the countries in which they are located, and these verifications can give rise to proposed corrections. This type of adjustment can have an unfavourable impact on the Group's financial position and results.

RISK MANAGEMENT

The Group has set up the rules required to understand the numerous tax issues in an international context and regularly uses external consultants, case by case, country by country, to best protect its interests. A Tax Department was created within the holding company for the entire Group in January 2013. Every Group subsidiary is led by a local team that must ensure that their business is conducted in compliance with the local regulations in force.

2.3.5 RISKS RELATED TO ACQUISITIONS, SALES AND OTHER TRANSACTIONS

DESCRIPTION OF THE RISK

The Group continues to make acquisitions as well as to create joint ventures with foreign partners. These transactions can involve risks linked to the valuation of assets and liabilities, the objects of such operations, as well as in the integration of the staff, activities, technologies and products acquired.

RISK MANAGEMENT

The Group does not have total assurance that these activities or companies do not include any unforeseen liabilities at the time the transaction is completed. Nevertheless, the Group minimises the risks by requesting that the seller provide guarantees proportionate to the size of the transaction as well as conducting extensive investigations with the assistance of external consultants.

To the best of the issuer's knowledge, there are no other governmental, legal or arbitration proceedings (including any proceedings of which the Company is aware, whether pending or threatened) that are liable to have or that have had over the past 12 months any material impact on the Group's financial position or profitability.

The Group considers that the nature or amounts involved in proceedings that are known or ongoing to date should not materially affect its consolidated financial position in the event of an unfavourable outcome. Sufficient provisions have been set aside in respect of the Group's disputes according to known elements and the information available at the balance sheet date. Provisions for risks are detailed in Note 18 to the Group's consolidated financial statements in Chapter 3 of this Registration Document.

Nevertheless, the Group cannot guarantee that, in the future, Group companies will not be involved in legal, administrative or regulatory proceedings, notably due to the expansion and the complexity of the regulatory environment applicable to the Group, to technical failures or to the non-compliance by its clients, suppliers or partners with their obligations. The situations as outlined above could have a considerable negative impact on the Group's activities or financial position.

2.4 INDUSTRIAL AND ENVIRONMENTAL RISKS

In this area, the Group has identified the various classes of risks it may confront due to the nature of its business. The main classes are the following:

2.4.1 HEALTH AND SAFETY RISKS

DESCRIPTION OF THE RISK

In the countries in which it operates, the Group faces a significant amount of regulations and standards related to employees protection that are increasingly restrictive. In the majority of countries in which the Group has industrial facilities, permits, licences, and/or authorisations or prior notifications are required to operate.

These sites must comply with and are subject to regular inspections by the competent authorities.

RISK MANAGEMENT

The Group has implemented procedures aimed at ensuring the correct application of environmental, health and safety regulatory provisions. They are decentralised and controlled by each site. They form part of both the internal control system and the Faiveley Management System framework and contribute to the better management and anticipation of this risk.

In each of the Group's main industrial site, a safety and environment coordinator manages all aspects of site "health, safety and environment" on a daily basis, making the necessary checks in the factory, studying and recording the products received, updating the job sheets and organising training.

The job sheets summarising the risks of various activities and specifying the required individual protection equipment are displayed at all workstations. Every accident with work stoppage is subject to a detailed analysis of the circumstances and causes to limit the risk it will reoccur. The number of days without work accident is counted and displayed to raise employee awareness; a sheet is posted for each accident detailing its circumstances and the proposed improvements to prevent the risk of it reoccurring.

The objective of general management is to integrate safety into the management system for quality, safety and the environment (QHSE approach), an approach heavily promoted and supported by the Group's insurers. To this end, a Quality, Environment, Health and Safety Department was created at Group level in February 2015, responsible for leading these safety and environmental protection assignments within the Divisions and related sites. As such, each Division now has a dedicated Director for these different elements, responsible for coordinating action and reporting in this area.

2.4.2 CONTINUITY OF BUSINESS AFTER A DISASTER

DESCRIPTION OF THE RISK

Given its industrial activities, the Group can potentially be exposed to events of various origins (such as natural disasters, fires or accidents) which could disrupt or interrupt a site's operations. Since the Group is dependent on these production sites in order to maintain and develop its activity, the closure of a production facility could have an unfavourable impact on the Group's business.

RISK MANAGEMENT

Each main industrial site has identified potential emergency and accident situations and set up emergency plans regularly tested.

Concerning the risk of production interruption following a fire or flood, it should be noted that the major industrial sites have set up emergency procedures describing the steps to take following a large scale incident that could fully or partly paralyse the operation of the site in question. Business continuity plans have been developed at the Group's major sites in order to take the necessary steps and reduce consequences as soon as possible after an incident. A list of companies that can provide repair equipment as well as those specialising in decontamination of electrical devices, has been compiled.

Those in charge of taking the major tasks after a disaster have been designated in advance to design the most adequate response solutions. Taking account of the size of these sites as well as, in some cases, the proximity of other Group locations in the same geographical area, it is necessary to consider specific and rapid solutions to reduce the consequences of a large scale incident.

To the best of the issuer's knowledge, no event likely to have triggered such emergency plans has taken place over the last 12 months.

2.4.3 ENVIRONMENTAL RISKS

DESCRIPTION OF THE RISK

The industrial sector in which the Group operates is subject to compliance with restrictive and multiple environmental standards. The manufacturing processes require the use of chemical products (paint, glue, surface treatment, etc.) that may pose a risk to the environment.

The major French sites are ICPE-classified (classified sites for the protection of the environment) and subject to a declaration system, and even authorisation from the competent regional authorities for some of them. The administrative authorities may also require steps to be taken to prevent or treat, going as far as ordering the closure of sites, in the event of serious violations of applicable regulations in the area of labour and/or environmental law. The Faiveley Transport Group may also be held liable by third parties under the regulations protecting the environment and the general principle of criminal liability.

RISK MANAGEMENT

The Group manages compliance with regulatory provisions in the area of the environment by dedicating at its major industrial sites a senior engineer to the aspects of safety – health – environment, who must verify every day whether the site they are responsible for is compliant with the various applicable standards.

Audits carried out by the insurers have disclosed some weaknesses in the manner of understanding this risk. Even though the quantity of pollutants used in the business sector is very small, the Group may be called on to pay rehabilitation costs, fines or compensation relative to non-compliance with environmental standards.

The factories of Saint-Pierre-des-Corps and Amiens are both in industrial zones with a SEVESO classified site that stores oil and chemical products. Any issue on these sites close to the Group's production units could have a negative effect on their production capacity. As the constraints of safety, environment and pollution are becoming ever greater, the Group is conscious that it may be obliged to incur expenditure, notably to enhance the procedures for monitoring soil, water and air pollution.

In addition, in order to comply with European Directive n° 2004/35, the Group has decided to subscribe to additional guarantees in terms of insurance. Environmental damage and soil and water clean-up cover was added to the accidental and gradual environmental damage policies.

The Group is already committed to areas of improvement in the storage of products posing a danger to the environment (retention tank, anti-fire cabinets, management of condensates from compressors, elimination of PCB transformer, etc.) and the reduction in the emission of volatile organic compounds. The use of toxic products for surface treatment such as chromic acid and hydrofluoric acid, requires adequate and regular monitoring (once a quarter), which is carried out by each applicable site.

Below are specific environmental matters facing the Group at present:

- in 2003, the Brazilian subsidiary of the Sab Wabco Group, not yet acquired by the Faiveley Transport Group, sold land to the company Cyrela. A risk of soil pollution was identified in 2004, subsequent to the purchase of the Sab Wabco Group by Faiveley Transport, as a result of which the latter bore the costs of soil decontamination. Due to this risk of pollution, Cyrela retained a part of the sale price (BRL 3.7 million, or EUR 1.6 million, remains outstanding). Decontamination work was carried out and resulted in potentially contaminated soil achieving a quality level acceptable to the local authorities. The land transfer agreements concerned were finally concluded on 28 May 2013, with the full payment of the sale price. The seller, in this case Faiveley Transport Do Brasil Limited, maintains several liability with the owner for a period of 30 months from the date of the completion of the sale in the event of a third party claim for acts of pollution;
- on 19 January 2011, Faiveley Transport Amiens received a prefectural order requiring it to proceed with monitoring and diagnostic measures for the water table at its site situated at Zone Industrielle Nord, Rue André Durouchez, 80000 Amiens, France. It must prepare a management plan to carry out groundwater monitoring, to look for sources of soil pollution and proceed with the development of a management plan for pollution found at its site, in accordance with the Circular of 8 February 2007. Faiveley Transport Amiens has taken action which allows it to meet the provisions of this order;
- on 29 June 2012, Faiveley Transport Amiens received from both SCI GDLMA and Together, whose interests are related, a summons seeking to secure the payment of a lump sum of EUR 760 thousand per plaintiff, liable to be adjusted, on the grounds of failure to meet disclosure requirements and in relation to the warranty for hidden defects of plots of land located respectively in Sevran and Livry Gargan, which the two companies deem to be polluted. These plots were sold in 1989, 1992 and 1993 by Sab Wabco. Faiveley Transport Amiens sought the inadmissibility of the claims before the competent court on the grounds that they exceeded the statute of limitation and the inadmissibility of the hidden defects claim.

The latest findings of each of the parties were filed with the Bobigny District Court at the end of January 2015. The end of the investigation for these two cases has been put back to 4 June 2015. The first instance result is not expected before the end of 2015;

- on 17 November 2014, Faiveley Transport Amiens received an additional order dates 7 November 2014 from the Prefect of the Seine Saint-Denis district stipulating special measures for facilities in Sevran classified as previously in use (e.g. Sab Wabco). This additional order was submitted to the Montreuil Administrative Court on 16 January 2015, requesting the annulment of certain of the order's clauses as well as the reversal of some of its grounds. This additional order specifically requires the completion of an analysis of the residual health risks and the monitoring of groundwater. Faiveley Transport Amiens has introduced measures to fulfil the provisions of this additional order, notably in partnership with the Company that owns one of the main plots of land concerned, a firm specialised in the restoration of industrial land that may have been affected by sources of pollution;
- in February 2014, Omega Capital LLC, a subsidiary of Graham-White Manufacturing Co. ("GW"), notified the regional authorities for environmental protection of a potential pollution warning following the discovery on 9 January 2014 of malicious acts by the former President of Omega. The latter had in the past dumped oil and pollutant liquids originating from locomotive batteries on land occupied by that company in the state of Nebraska. Omega was a family owned company until 1 May 2010, the date on which the company Graham-White acquired an indirect shareholding of 60% in Omega Capital through the company ATR Investments. Prior to this investment, and in accordance with the due diligence ahead of the acquisition, no pollution had been identified. The proceedings are continuing before the administrative authorities with effective cooperation between them and Omega Capital.

  A complaint has been filed with the prosecutor against the perpetrator who was removed from his position as soon as these actions were discovered. At the end of March 2015, the company Graham-White Manufacturing Co. retained a reserve of USD 1 million into its accounts, designed to cover potential environmental risks at all its American sites.

Although the Group is involved in the decontamination of certain industrial facilities or other sites, it considers its sites to be in compliance with their operating licence and its operations in general to be in line with current environmental laws and regulations.

2.5 IT RISKS

The management of the Group's activities which include, particularly externally, purchasing, production, distribution, invoicing, reporting and consolidation, and internally, the sharing of information, is based on the proper functioning of the Group's information systems. The risk of the systems' malfunctioning or shutting down as well as the risk of cybercrime could, were they to occur, have a significant financial impact on the Group.

RISK MANAGEMENT

In order to protect its IT infrastructure, data and application software, the Group's centralised applications are hosted with several partners who ensure the physical security of the hardware and software protection access within a "Service Level Acceptance" agreement.

The Group's policy is to roll out more and more centralised applications that make communication and mobility increasingly easier. The Group attaches great attention to anti-intrusion systems (firewalls) and information access security profiles. The Group is committed to an ambitious project to be completed by 2016, which primarily covers:

- further standardising the Faiveley Transport network into a single Windows domain through the rollout of Active Directory;
- virtualising servers and workstations through the use of Citrix technologies;
- streamlining administrative processes through the rollout of a core solution *via* a single ERP;
- implementing a PDM (Product Data Management) system to manage engineering in the design offices;
- rolling out a CRM (Customer Relationship Management) system;
- introducing a shared reporting and performance indicator management system (Business Intelligence).

To secure the rollout of a single ERP, Group Management has set up a project platform at Group level, and enlisted the help of external consultants. The pilot phase now complete, the industrial rollout began in 2013 and should take 4 years.

Moreover, in order to raise awareness amongst its employees of the risk of cybercrime and fraud, regular alerts and specific training were rolled out by the Group throughout the 2014/2015 financial year. These measures have meant that to date all fraud attempts and malicious acts have been avoided or blocked.

2.6 INSURANCE

The Group has set up global insurance plans with leading insurers (AXA, ACE), intended to cover the main risks which the Group may face:

- damages/operating losses;
- civil liability;
- environment;
- Directors' liability.

These plans provide all the Group's entities with guarantees and limits adapted to their requirements. Although Faiveley Transport Group is positioned in the manufacturing and sale sector for certain so-called safety parts for the rail industry (brakes, doors, etc.), and therefore in principle is significantly exposed to "product" liability risks in contract or tort, the level of the Group's exposure to such risks was judged to be average by Civil Liability insurers, an assessment which took into account product design processes as well as both the type and content of the contracts concluded with manufacturers and operators.

The Group's policy regarding insurance is determined and implemented by the Finance Department, with the support of an international brokerage firm. A tendering process was launched in January 2015 involving three brokers to propose the best investments and cover with Damage to Property and Civil Liability insurers. At the end of this process, Siaci Saint Honoré, the Group's current insurer, was selected and its term renewed.

In order to ensure the Company's long-term success, the levels of cover are set in line with the assessment of the risks faced by each Group entity.

The Damage to Property policy was renewed on 1 April 2015 with improvements in terms of cover and excess ceilings. The renewal of the "Civil Liability/Product Liability" policy also took place on 1 April 2015 with an improvement in cover notably with regard to Non Consecutive Consequential Losses (NCCL). These improvements are particularly due to the fall in the Group's claim rate, a significant appetite and capacity on the part of insurers to underwrite industrial risks, and the Group's policy in respect of the Faiveley Worldwide Excellence programme. It should also be noted that the cover granted in respect of the civil liability policy for the United States has been brought into line with cover in the other geographic regions. In this way, excesses and cover have been significantly improved in this region.

Premium levels have been frozen for three years, meaning until 31 March 2018, subject to compliance with the loss ratios defined in each of the policies.

2.6.1 CIVIL LIABILITY PLAN

The insurance plan regarding the Group's Civil Liability before and after delivery mainly grants guarantees, subject to the usual excesses, exclusions and limits of cover, regarding:

- physical injury;
- damage to property and consequential damage;
- damages to entrusted property;
- recall costs;
- clean-up costs;
- professional liability.

This plan is composed of a master policy created in France and local policies. The worldwide cover of the master policy applies under various conditions and at different levels where local cover is not sufficient.

The Group may take out local and/or specific cover so as to comply with local regulations in force or to satisfy special requirements. Purely local risks, such as guaranteeing risks associated with motor vehicles, are covered by each country, under their own liability. The plan provides for automatic cover for any new subsidiary created or acquired.

One claim for damages was made under the "Civil Liability – Product Liability" policy during the 2014/2015 financial year.

2.6.2 PLAN COVERING DAMAGE TO PROPERTY AND OPERATING LOSSES

Material damage and operating losses resulting from any event of a sudden and accidental origin (such as fire, storm, explosion, vandalism, etc.) are particularly covered for all Group subsidiaries, subject to the usual excesses, exclusions and limits of cover, under the Damage to Property/ Operating Losses insurance plan.

As is the case with the cover taken out for Civil Liability, this plan is composed of a master policy created in France and local policies. It provides an overall contractual limitation (property damage and operating losses combined) per claim with sub-limits regarding certain types of damage, such as broken machinery, claims by neighbours and third parties, and certain natural events.

2.6.3 DIRECTORS' CIVIL LIABILITY PLAN

This insurance plan covers the financial consequences and the defence costs submitted individually or severally by the Directors of Group companies as a result of claims made against them due to their civil liability for misconduct in the performance of their duties as Director. It also covers the financial consequences and the defence costs submitted by the Company due to a claim for non-compliance with the regulations applicable to public offerings and listed companies exclusively for securities issued by Faiveley Transport.

This plan is subject to the limits and exclusions generally applicable to this type of insurance.

2.6.4 TRANSPORT PLAN

This insurance policy covers damage to transported goods for all types of transport anywhere in the world. The cover extends to risks of war subject to exceptions. This policy is subject to the limits and exclusions generally applicable to this type of insurance. Due to local specific characteristics related to the rules or pricing for this type of insurance, not all the Group's subsidiaries subscribe to this policy.

In addition to its Group policies, Faiveley Transport Group's subsidiaries take out insurance policies in the countries in which they operate for the purpose of covering specific risks related to local characteristics or for which insurance is locally mandatory, such as motor, work-related accidents or employer liability risks.

Subject to exclusions commonly practised in the insurance market, the Group believes itself to enjoy reasonable and appropriate insurance cover, whose level of excess is consistent with the incidence of claims seen. The Group has introduced a policy of covering the main risks likely to be insured with leading and reputable insurance companies, appropriate to its activities and in line with market conditions.

Nevertheless, the Company cannot guarantee that all the claims made against it or that all the losses suffered are or will in future be effectively covered by its insurance, nor that the policies in place will always be sufficient to cover all the costs and financial awards that it may be required to pay as a result.

MANAGEMENT BOARD'S FINANCIAL REPORT

3

In accordance with legal provisions, the financial statements of companies under direct or indirect control of Faiveley Transport were consolidated at 31 March 2015 with those of the parent company. The principles and conditions of the consolidation for the financial year 2014/2015, the related consolidation scope and the restatements undertaken in accordance with consolidation accounting methods are presented in the notes to the consolidated financial statements in section 3.6 of this Registration Document.

The year ended 31 March 2015 had a normal duration of 12 months.

All data published for the 2013/2014 financial year has been restated for the impact of the change in method related to the retrospective application of IFRS 11 "Joint arrangements" (see Note 3 in section 3.6 – Consolidated financial statements of this Registration Document). As of 1 April 2014, the Information & Safety segment, previously part of the Access & Information Division, was transferred to the Energy & Comfort Division. Historical data has been restated accordingly.

3.1 FINANCIAL YEAR SIGNIFICANT **EVENTS**

On 7 April 2014, the Supervisory Board of Faiveley Transport appointed Stéphane Rambaud-Measson Chairman of the Management Board and Chief Executive Officer of Faiveley Transport. He had joined the Group on 17 March 2014, as Group Executive Vice President.

As part of its remuneration policy, Faiveley Transport allocates free performance shares subject to performance conditions to certain Group employees worldwide. The Management Board at the meeting of 2 July 2014 decided to allocate free performance shares to 226 Group employees, corresponding to a total of 135,106 shares representing approximately 0.92% of share capital.

On 22 October 2014, the Group acquired all minority interests in Nowe Streugeräte, namely the 25% of the share capital not previously held. This transaction follows the acquisition of 75% of the shares in this company in January 2008.

On 28 January 2015, Faiveley Transport refinanced its syndicated loan and part of its bilateral revolving facilities, replacing them with a new syndicated loan.

On 9 April 2015, Faiveley Transport and the subsidiary of SMRT, Singapore Rail Engineering (SRE), signed a joint venture agreement for the marketing and provision of Maintenance, Repair and Overhaul services (MRO) for rolling stock in South-East Asia (excluding Thailand, Taiwan and Hong Kong).

3.2 SALES GROWTH **AND RESULTS**

(EUR millions)	**2014/2015**	**2013/2014 restated**	**% change**	**2013/2014 published**
Order book	**1,877.0**	**1,660.0**	**+13.1%**	**1,672.2**
Sales	**1,048.4**	**957.2**	**+9.5%**	**982.4**
GROUP OPERATING PROFIT(1)	**95.3**	**87.6**	**+8.7%**	**88.6**
As % of sales	*9.1%*	*9.2%*	-	*9.0%*
Net financial expense	(13.9)	(11.1)	-	(11.4)
Income tax	(28.5)	(26.4)	-	(27.1)
NET PROFIT – GROUP SHARE	**55.7**	**50.1**	**+11.1%**	**50.1**
As % of sales	*5.3%*	*5.2%*	-	*5.1%*
Free cash flow(2)	**63.6**	**17.2**	**+EUR 46.4 m**	**20.0**

(1) Group operating profit includes the share of net profit of equity-accounted entities.

(2) Free cash flow is defined as self-financing capacity before interest and tax restated for the change in working capital requirement, interest and tax paid and investments in property, plant and equipment and intangible assets made by the Group.

3.2.1 ORDER BOOK

The Group's order book showed growth of 13.1%, of which 4.8% was organic, over the 2014/2015 financial year, reaching a record level of EUR 1,877.0 million at 31 March 2015. At 31 March 2015, the Original Equipment order book represented approximately 29 months' equivalent of Original Equipment sales and approximately 10 months for Services.

In the Original Equipment business, the Group won significant orders during the financial year, including during the fourth quarter:

- in the Europe region:
  - an additional order for brake, access door, driver assistance and passenger information systems for Regiolis trains built by Alstom, worth over EUR 15 million,
  - an additional order for air conditioning systems to equip 19 trains built by Stadler for the Swiss operator SBB Dosto worth in excess of EUR 5 million;
- in the Asia-Pacific region:
  - air conditioning (HVAC) and auxiliary power (APS) systems to upgrade 86 trains for SRE, a subsidiary of the operator SMRT in Singapore, for an amount in excess of EUR 45 million,
  - air conditioning (HVAC) systems for 138 cars for lines 4, 5 and 6 of the Riyadh metro built by Alstom, worth over EUR 5 million,
  - brake, access door and air conditioning (HVAC) systems for 25 trains built by Alstom for the Kochi metro, for an amount in excess of EUR 10 million,
  - platform screen doors and platform edge barriers for 13 stations of the NWRL line in Sydney, Australia, worth over EUR 30 million;
- in the Americas region:
  - access doors for 112 cars for lines 1 and 2 of the Salvador metro in Brazil built by Hyundai-Rotem, for approximately EUR 5 million,
  - a high level of orders for freight brake components in the US with Amsted Rail.

The Services Division achieved an excellent year in terms of order intake across all segments (spare parts, engineering services and friction pairs) including the following contracts during the fourth quarter:

- in the Europe region:
  - the complete refurbishment of air conditioning (HVAC) systems for 271 cars operated by SBB Dosto in Switzerland, for a sum in excess of EUR 5 million;
- in the Americas region:
  - a high level of orders in the US freight and locomotive markets.

Moreover, the contract provisionally awarded in January 2014 for the retrofit and upgrade of 202 main line and commuter passenger carriages by Société Nationale des Chemins de Fer, Algeria's national rail company, to the consortium of rail parts manufacturers Faiveley Transport and Compin SAS was formally confirmed on 26 March 2015.

3

3.2.2 SALES

Over the 2014/2015 financial year, Faiveley Transport achieved sales of EUR 1,048.4 million, an increase of 9.5% compared with the 2013/2014 financial year restated for the impact of the new accounting standards, including organic growth of 7.8%. Schwab Verkehrstechnik AG, acquired in May 2013, contributed growth of 0.1%, and exchange rates had a positive impact of 1.6%.

(EUR millions)	2014/2015	2013/2014 restated(1)	Organic growth	Total growth	2013/2014 published
Europe	638.5	595.2	+6.5%	+7.3%	595.9
Asia/Pacific	230.2	211.6	+6.5%	+8.8%	236.1
Americas	168.3	141.0	+14.4%	+19.4%	141.0
Rest of the world	11.4	9.4	+21.3%	+21.0%	9.4
FULL YEAR	**1,048.4**	**957.2**	**+7.8%**	**+9.5%**	**982.4**
Original Equipment	612.4	563.3	+7.3%	+8.7%	581.9
Services	436.0	393.9	+8.6%	+10.7%	400.5
FULL YEAR	**1,048.4**	**957.2**	**+7.8%**	**+9.5%**	**982.4**

(1) Data published in respect of 2013/2014 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements". See the Company's press release dated 21 October 2014.

On a like-for-like basis:

- Europe (61% of sales) recorded growth of 6.5% including, in relation to Original Equipment, the ramp-up in deliveries on several major projects such as Régiolis, Regio2N, V300 Zefiro, the Milan metro, the Copenhagen metro and Italian regional trains, as well as solid growth in the Services Division;
- the Asia-Pacific region (22% of sales) grew by 6.5%, primarily due to the high level of deliveries in China and the Pacific region;
- the Americas region (16% of sales) posted growth of 14.4% due in particular to the dynamism of the freight business in the US, which recorded a high level of new wagons on an annualised basis.

The Services Division recorded very strong organic growth over the financial year (up 8.6%), largely due to the Group's installed base and dynamic sales activity, particularly in China, the Americas region, Spain and the UK.

Original Equipment activities registered sales growth of 7.3% on a like-for-like basis over the financial year. This strong growth was notably driven by the ramp-up in deliveries on several major projects in Europe and the dynamism of the freight business in the US.

3.2.3 OPERATING PROFIT

(EUR millions)	2014/2015	2013/2014 restated	% change	2013/2014 published
Sales	**1,048.4**	**957.2**	**+9.5%**	**982.4**
Gross profit	254.4	227.0		235.7
As % of sales	*24.3%*	*23.7%*		*24.0%*
Administrative costs	(89.0)	(78.4)		(80.2)
Sales and marketing costs	(46.7)	(43.4)		(43.6)
Research & Development costs	(17.0)	(13.6)		(14.0)
Other operating income and expenses	(13.0)	(8.3)		(9.3)
Operating profit	**88.7**	**83.3**	**+6.5%**	**88.6**
As % of sales	*8.5%*	*8.7%*		*9.0%*
Share of profit of equity-accounted entities	6.6	4.3		-
Group operating profit	**95.3**	**87.6**	**+8.7%**	**88.6**
As % of sales	*9.1%*	*9.2%*		*9.0%*

Gross profit totalled EUR 254.4 million (24.3% of sales), compared with EUR 227.0 million over the restated 2013/2014 financial year (23.7% of restated sales). The operational initiatives launched since April 2014 led to a slight increase in gross margin despite the recognition of additional cost overruns on brakes, couplers and doors projects in Europe as well as on air conditioning and access doors projects in China.

Moreover, sales and marketing, general and administrative costs rose 11.3%, primarily due to the strengthening of Divisions' management teams and to the implementation of operational recovery plans since April 2014.

Group operating profit (including the share of profit of joint ventures) increased by 8.7%, totalling EUR 95.3 million (9.1% of sales) at 31 March 2015, compared with EUR 87.6 million (9.2% of sales) as restated in the 2013/2014 financial year.

3.2.4 NET FINANCIAL EXPENSE

Net financial expense increased by 25.2% to EUR 13.9 million; this change can be analysed as follows:

- the net cost of financial debt for the financial year increased to EUR 11.0 million, as against EUR 9.3 million the previous year, since the cost of the additional long-term "Schuldschein" financing under German law taken in March 2014 was not totally offset by the favourable impact of lower interest rates and improved hedging;
- a negative net exchange difference of EUR 0.5 million;
- other financial income and expenses resulting in a net negative impact of EUR 2.4 million, comprising interest on bank guarantees, interest on pension commitments, the effects of the reversal of discounting the value of minority shareholder put options and other financial income and expenses.

3.2.5 INCOME TAX EXPENSE

The income tax charge totalled EUR 28.5 million, compared with EUR 26.4 million for the period to 31 March 2014 as restated. This increase was due to higher profit before tax, which rose from EUR 76.5 million for the period to 31 March 2014 as restated to EUR 81.4 million for the period to 31 March 2015. As a percentage, the Effective Tax Rate was 38.1% compared with 36.6% the previous year. This change was primarily due to an unfavourable country mix.

3.2.6 NET PROFIT

Minority interests totalled a positive EUR 2.8 million and mainly reflected the losses posted by the Chinese subsidiary SFRT which recorded costs overruns on air conditioning and access doors projects, which were not offset by the good results of other minority interests.

The Group share of net profit reached EUR 55.7 million, up 11.1% in comparison with the previous financial year. Net earnings per share was EUR 3.88 in 2014/2015, representing a 10.9% increase over the financial year (EUR 3.50 in 2013/2014).

Basic earnings per share takes into account the deduction of treasury shares held by Faiveley Transport during the financial year totalling 282,158 in 2014/2015 and 292,258 in the year to 31 March 2014.

3.3 CASH FLOWS **AND SOURCES OF FINANCING**

3.3.1 CASH FLOW STATEMENT

(EUR millions)	2014/2015	2013/2014 restated	2013/2014 published
Net profit – Group share	**55.7**	**50.1**	**50.1**
Minority interests	(2.8)	-	-
Depreciation and amortisation charges	17.5	16.0	16.3
Cost of performance-based shares	2.2	2.8	2.8
Unrealised net loss/(gain) on derivative instruments and revaluation of monetory assets and liabilities	3.4	(1.2)	(1.2)
Change in provisions	6.1	10.4	11.3
Share of profit of equity-accounted entities	(6.6)	(4.4)	-
Dividends received from equity-accounted joint ventures	3.2	1.3	-
Other non-cash items	(0.1)	(0.3)	(0.4)
Net cost of financial debt	11.0	9.3	-
Income tax charge (including deferred tax)	28.5	26.4	-
SELF-FINANCING CAPACITY BEFORE INTEREST AND TAX	**118.0**	**110.4**	**76.7**
Change in working capital requirements	4.4	(38.1)	(41.1)
Tax paid	(25.8)	(30.8)	-
Net financial interest paid	(9.8)	(8.9)	
NET CASH FROM OPERATING ACTIVITIES	**86.8**	**32.6**	**35.6**
Net investments	(23.2)	(15.4)	(15.6)
FREE CASH FLOW[(1)]	**63.6**	**17.2**	**20.0**
Net cash from acquisitions/sales of subsidiaries and minority interests	(1.9)	(27.4)	(27.4)
CASH FLOW FROM INVESTMENT ACTIVITIES	**(25.1)**	**(42.9)**	**(43.0)**
Proceeds from new share issues	-	-	-
Change in treasury shares	0.8	1.7	1.7
Change in share and merger premiums	-	-	-
Other movements in equity (*cash-flow hedge*)	-	-	1.3
Dividends paid	(11.5)	(16.4)	(16.4)
Change in borrowings and other financial debt	(36.7)	94.2	93.4
CASH FLOW FROM FINANCING ACTIVITIES	**(47.4)**	**79.5**	**80.0**
Net foreign exchange difference	(17.6)	3.7	3.8
Cash and cash equivalents at beginning of the period	**237.9**	**164.9**	**165.9**
Cash and cash equivalents at end of the period	**234.7**	**237.9**	**242.3**

(1) Free cash flow is defined as self-financing capacity before interest and tax restated for the change in working capital requirement, interest and tax paid and net investments in property, plant and equipment and intangible assets made by the Group.

The consolidated cash flow statement has been subject to marginal presentation restatements compared to data published in previous financial years. For comparability reasons, these restatements have also been applied to the year ended 31 March 2014. Data published in respect of 2013/2014 has been restated for the impact of the retrospective application of IFRS 11 "Joint arrangements".

At 31 March 2015, self-financing capacity before interest and tax was EUR 118.0 million, an increase of 6.9% in comparison with the previous financial year (EUR 110.4 million as restated), in line with the increase in operating profit.

Cash flow from operating activities was EUR 86.8 million over the financial year, compared with EUR 32.6 million in the previous year. This change resulted from a higher self-financing capacity, and from the EUR 4.4 million positive movement in working capital requirement.

At 31 March 2015, working capital requirement can be analysed as follows:

(EUR millions)	2014/2015	2013/2014 restated	% change	% change, excl. exchange differences	2013/2014 published
Inventories	167.7	146.4	+21.3	+9.5	154.5
Work-in-progress on projects	121.7	112.5	+9.2	+2.5	111.4
Trade receivables	321.8	275.1	+46.7	+19.3	291.2
Trade payables	(209.6)	(180.5)	-29.1	-16.0	(185.7)
Downpayments	(140.2)	(122.6)	-17.6	-10.0	(124.0)
Other assets	45.1	48.3	-3.2	+4.7	46.9
Other liabilities	(103.8)	(91.7)	-12.1	-7.0	(94.2)
Working capital requirement (WCR) before factoring	**202.7**	**187.5**	**+15.2**	**+3.0**	**200.1**
Factoring of receivables	(97.7)	(80.5)	-17.2	-15.5	(83.6)
Working capital requirement after factoring	**105.0**	**107.0**	**(2.0)**	**-12.5**	**116.5**

The change in working capital requirement was mainly attributable to exchange differences of EUR 10.5 million.

Excluding exchange differences, working capital requirement decreased by EUR 12.5 million compared with 2013/2014 as restated and was primarily attributable to:

- sales growth, generating increases of EUR 9.5 million in inventories, EUR 3.8 million in trade receivables (after factoring), and EUR 16.0 million in trade payables;
- an increase in work-in-progress on projects related to the capitalisation of engineering costs of EUR 2.5 million;
- an increase in customer downpayments of EUR 10.0 million.

Net capital expenditure (CAPEX) reached EUR 23.2 million, representing 2.2% of sales, in line with the Group's historical levels.

Generally, the Group's business model focuses on engineering at a project's design phase, on the purchasing and project management functions in the production phase and on equipment assembly and testing before delivery to customers.

After taking into account the change in working capital requirement, net capital expenditure, tax and net financial interest paid, free cash flow totalled EUR 63.6 million, a significant improvement in comparison with the 2013/2014 financial year (free cash flow of EUR 17.2 million). Restated for the change in factoring, it would have been EUR 46.4 million.

With the objective of optimising organisational structures, industrial processes, tools and technical data sharing, Faiveley Transport is committed to a major IT system integration programme. This investment is self-financed, except for software licences which are lease-financed.

Costs of EUR 1.7 million were capitalised during the year in relation to the IT system integration project, stable compared with the previous financial year (EUR 1.6 million). Non-current assets included development costs of EUR 18.7 million.

Purchases of property, plant and equipment totalled EUR 14.3 million, primarily comprising, as in the previous year, the purchase of new industrial tools.

CURRENT FINANCIAL INVESTMENTS

The Group continues to analyse potential acquisition opportunities.

CASH FLOW FROM FINANCING ACTIVITIES

The Faiveley Transport Group distributed cash dividends of EUR 11.5 million during the year (including EUR 0.3 million paid to minority shareholders), compared with EUR 16.4 million in the previous year.

3.3.2 FINANCING

SOURCES OF GROUP FINANCING

At 31 March 2015, the Group had gross financial debt of EUR 431.2 million, comprising:

- the syndicated loan facility (EUR 225 million);
- the US private placement (USD 75 million);
- the various tranches of the Schuldschein loan (EUR 130 million);
- an available medium-term bilateral banking facility (EUR 25 million);
- short-term bank financing.

The Group's gross financial debt at 31 March 2015 and 2014 was as follows:

(EUR millions)	2014/2015	2013/2014 restated	2013/2014 published
Non-current financial debt (over one year)	396.5	408.1	408.1
Current financial debt (less than one year)	32.5	38.3	38.3
Bank overdrafts	1.4	1.0	1.0
Invoices factored – not guaranteed	0.8	0.2	0.2
Gross financial debt	**431.2**	**447.6**	**447.6**

The following table shows cash and cash equivalents and the Group's net financial debt at 31 March 2015 and 2014:

(EUR millions)	2014/2015	2013/2014 restated	2013/2014 published
Financial receivables	9.8	7.4	7.4
Cash	236.8	239.2	243.5
Cash and cash equivalents	**246.6**	**246.6**	**250.9**
Gross financial debt	431.2	447.6	447.6
Net financial debt	**184.4**	**201.0**	**196.7**

Net financial debt decreased by EUR 16.6 million during the financial year to EUR 184.4 million at 31 March 2015, in comparison with EUR 201.0 million at 31 March 2014 as restated. This change resulted primarily from the free cash flow generated, offset by the impact of movements in exchange rates and the payment of dividends.

FINANCIAL RATIOS

Financing is subject to a number of financial covenants, at 31 March 2015, the main three of which are:

- leverage ratio, which represents Net Debt to EBITDA (as defined in the various financing agreements) over a 12-month rolling average period to the end of each half-year accounting period, which must not exceed 3.0;
- gearing ratio, which represents Net Debt to Equity (as defined in the various financing agreements), which must not exceed 1.5 at the end of each half-year accounting period;
- EBITDA to cost of net financial debt (as defined in the various financing agreements), which must not fall below 3.5 at the end of each half-year accounting period.

At 31 March, depending on the specific features of the various financing agreements, the covenants were as follows:

(EUR millions)	Bilateral facility ratios	Schuldschein ratios	USPP ratios	Syndicated loan ratios
Net debt/EBITDA	1.59	1.58	1.68	1.49
Net debt/Equity	0.26	0.26	0.28	n/a
EBITDA/Net cost of financial debt	10.02	10.05	10.05	10.65

CHARACTERISTICS OF THE SYNDICATED LOAN

On 28 January 2015, Faiveley Transport refinanced its syndicated loan and part of its bilateral revolving facilities, replacing them with a new syndicated loan. This new facility comprises an amortisable loan of EUR 225 million and a multi-currency revolving facility of EUR 125 million, the characteristics of which are set out below. The revolving facility contains two extension options, subject to lenders' approval, liable to extend its maturity to 7 years.

Maturity	Drawdown currency	Rate	Amortisation	Amounts *(EUR millions)*	Drawn down at 31 March 2015
28/01/2020	EUR	Variable	Half-yearly(1)	225.0	225.0
28/01/2020 – *"Revolving"*	Multi-currency	Variable	On maturity	125.0	-
TOTAL *(EUR millions)*				**350.0**	**225.0**

(1) Half-year amortisation: EUR 15.0 million.

CHARACTERISTICS OF THE SCHULDSCHEIN LOAN

On 5 March 2014, the Group issued a Schuldschein private placement in Germany, in which approximately 20 international investors participated.

This transaction allowed the Group to continue diversifying its sources of funding and extend the maturity of its debt under very favourable conditions. Totalling EUR 130 million, this placement is divided into three tranches with maturities of 5, 7 and 10 years bearing fixed or variable rates.

Maturity	Currency	Rate	Amounts *(EUR millions)*
March 2019	EUR	Variable	25.0
March 2019	EUR	Fixed	8.5
December 2020	EUR	Fixed	20.0
March 2021	EUR	Variable	37.5
March 2021	EUR	Fixed	19.0
March 2024	EUR	Fixed	20.0
TOTAL			**130.0**

CHARACTERISTICS OF THE USPP

To partly refinance the acquisition of US company Graham-White Manufacturing Co., and diversify its financing sources, on 12 April 2012 the Group finalised its first private placement bond issue in the US with two institutional investors, for a total of USD 75 million. This issue comprised two tranches:

- one for USD 30 million, with a 10-year final maturity and redeemable between 2017 and 2022;
- a second for USD 45 million with a 10-year maturity and repayable on maturity.

The average fixed interest rate is 4.91%per year.

CHARACTERISTICS OF BANK FINANCING THROUGH A BILATERAL FACILITY

Following the refinancing carried out on 28 January 2015, the Group only retains an undrawn bilateral facility of EUR 25.0 million maturing on 7 January 2019.

EXPECTED SOURCES OF FINANCING FOR FUTURE INVESTMENTS (FINANCING OF OPERATIONS AND EXPECTED SOURCES)

Cash flow generation and available sources of financing currently cover the Group's recurring capital expenditure requirements. The recent financing transactions ensure the availability of medium-term resources.

The conditions for the early repayment of Group debt include in particular the loss of the majority control of voting rights by the Faiveley family and failure to comply with financial covenants. The financing agreements include other limitations, such as: lease finance, factoring of receivables, various financing, overdraft pursuant to a cash pooling agreement, vendor loan and bank guarantees on long-term contracts.

3.4 POST-CLOSING **EVENTS**

Nil.

3.5 OUTLOOK **AND TRENDS**

Given the momentum of the markets in which it operates as well as the implementation of its strategic plan for the next three years, the Group expects sales of between EUR 1,050 million and EUR 1,080 million for the 2015/2016 financial year, representing slight growth of between 0.5 and 3% in relation to the 2014/2015 financial year.

Despite additional resources earmarked for the launch of the strategic action plan, the Group anticipates a substantial improvement in Group operating profit before restructuring costs with a targeted level of between EUR 102 million and EUR 107 million, which would represent a 5% to 10% increase in comparison with the 2014/2015 financial year.

3.6 CONSOLIDATED **FINANCIAL STATEMENTS**

3.6.1 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	31 March 2015	31 March 2014[1]
Net sales	**Note 24**	**1,048,423**	**957,165**
Cost of sales	Note 25	(794,062)	(730,197)
Gross profit		**254,361**	**226,968**
% of Sales		*24.3%*	*23.7%*
Administrative costs		(88,997)	(78,435)
Sales and marketing costs		(46,667)	(43,436)
Research and development costs		(17,019)	(13,586)
Other operating income	Note 26	6,797	4,620
Other operating expenses	Note 26	(18,084)	(11,513)
Profit from recurring operations		**90,391**	**84,618**
% of Sales		***8.6%***	***8.8%***
Restructuring costs	Note 27	(1,597)	(1,267)
Gain/(loss) on disposal of property, plant and equipment and intangible assets	Note 27	(66)	(53)
OPERATING PROFIT		**88,728**	**83,298**
% of Sales		***8.5%***	***8.7%***
Share of profit of joint ventures	Note 8	6,551	4,368
Share of profit of associates	Note 8	-	-
Operating profit after share of profit of equity-accounted entities		**95,279**	**87,666**
% of Sales		***9.1%***	***9.2%***
Amortisation and depreciation charges included in operating profit		*17,446*	*15,985*
Operating profit before amortisation and depreciation charges		***112,725***	***103,651***
Net cost of financial debt		(10,970)	(9,344)
Other financial income		33,097	14,364
Other financial expenses		(35,994)	(16,113)
NET FINANCIAL EXPENSE	**NOTE 28**	**(13,867)**	**(11,093)**
Share of profit of other equity-accounted entities		-	-
PROFIT BEFORE TAX		**81,412**	**76,573**
Income tax	Note 29	(28,535)	(26,432)
NET PROFIT FROM CONTINUING OPERATIONS		**52,877**	**50,141**
Profit/(loss) of discontinued operations	Note 30	-	-
CONSOLIDATED NET PROFIT		**52,877**	**50,141**
attributable to:			
Minority interests		(2,769)	31
NET PROFIT - GROUP SHARE		**55,645**	**50,110**
% of Sales		***5.3%***	***5.2%***
Earnings per share, in EUR:	***Note 32***	**-**	**-**
Basic earnings per share		*3.88*	*3.50*
Diluted earnings per share[1]		*3.86*	*3.44*
Earnings per share, in EUR – Continuing operations:		**-**	**-**
Basic earnings per share		*3.88*	*3.50*
Diluted earnings per share[1]		*3.86*	*3.44*

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12.

The attached Notes 1 to 39 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	Notes	31 March 2015	31 March 2014[(1)]
NET PROFIT FOR THE PERIOD		**52,877**	**50,141**
Translation difference	Note 16	42,334	(15,575)
Financial assets available for sale		-	-
Gains (losses) on financial hedge instruments	Note 20	1,057	1,827
Other items that may be reclassified to profit or loss		126	(226)
Taxes on items that may be reclassified to profit or loss		(364)	(593)
ITEMS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS		**43,153**	**(14,567)**
of which Share of joint ventures in items that can be reclassified		*4,401*	*(878)*
Actuarial gains and losses on post-employment benefits	Note 18	(10,313)	(369)
Taxes on items that will not be reclassified to profit or loss		2037	23
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		**(8,276)**	**(346)**
of which Share of joint ventures in items that will not *be reclassified*		-	-
ITEMS OF OTHER COMPREHENSIVE INCOME, AFTER TAX		**34,877**	**(14,913)**
of which Share of joint ventures		*4,401*	*(878)*
TOTAL COMPREHENSIVE INCOME		**87,754**	**35,228**
Attributable to:			
• **parent company shareholders**		**83,239**	**37,490**
• minority interests		4,515	(2,261)

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The attached Notes 1 to 39 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(EUR thousands)*	Notes	31 March 2015 Net	31 March 2014[1] Net
Goodwill	**Note 5**	**697,112**	**663,838**
Intangible assets	**Note 6**	**58,314**	**50,501**
Property, plant and equipment	**Note 7**		
Land		5,670	5,766
Buildings		19,175	22,523
Plant and machinery		32,063	30,086
Other property, plant and equipment		13,695	9,632
Equity interests in equity-accounted entities	**Note 8**		
Shareholdings in equity-accounted joint ventures		21,817	12,337
Shareholdings in other equity-accounted entities		-	-
Other non-current financial assets	**Note 9**		
Shareholdings in unconsolidated subsidiaries		255	254
Other long-term financial investments		3,049	2,449
Deferred tax assets	**Note 10**	**66,429**	**51,738**
TOTAL NON-CURRENT ASSETS (I)		**917,579**	**849,124**
Inventories	Note 11	167,665	146,361
Work-in-progress on projects	Note 12	121,703	112,514
Advances and prepayments paid		2,625	2,308
Trade receivables	Note 13	224,130	194,574
Other current assets	Note 13	24,718	32,809
Taxation receivable		17,796	13,191
Current financial assets	Note 14	42,849	7,907
Short-term investments	Note 15	14,824	69,793
Cash	Note 15	222,021	169,419
Assets held for sale	Note 7	7,123	-
TOTAL CURRENT ASSETS (II)		**845,454**	**748,876**
TOTAL ASSETS (I + II)		**1,763,033**	**1,598,000**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The attached Notes 1 to 39 form an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES (EUR thousands)	Notes	31 March 2015	31 March 2014(1)
Shareholders' equity	**Note 16**		
Share capital(2)		14,614	14,614
Share premium		94,297	90,249
Translation difference		24,549	(10,501)
Consolidated reserves(2)		436,629	405,522
Net profit for the period		55,645	50,110
Total equity – Group share		***625,734***	***549,994***
Minority interests	**Note 17**		
Share of reserves		34,781	27,895
Share of net profit		(3,063)	(242)
Total minority interests		***31,716***	***27,653***
TOTAL CONSOLIDATED EQUITY (I)		**657,450**	**577,647**
Non-current provisions	Note 18	48,084	38,235
Deferred tax liabilities	Note 10	50,854	34,030
Non-current borrowings and financial debt	Note 19	396,510	407,983
TOTAL NON-CURRENT LIABILITIES (II)		**495,448**	**480,248**
Current provisions	Note 18	101,810	94,373
Current borrowings and financial debt	Note 19	54,630	50,899
Advances and prepayments received		140,243	122,586
Current liabilities	Note 21	303,935	258,551
Tax payable		9,515	13,696
TOTAL CURRENT LIABILITIES (III)		**610,134**	**540,105**
TOTAL EQUITY AND LIABILITIES (I + II + III)		**1,763,033**	**1,598,000**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Reclassification of treasury shares at 31 March 2014 from "consolidated reserves" to "share capital" for EUR 281 thousands.

The attached Notes 1 to 39 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousands)	Share capital	Share premium	Reserves	Translation adjustment	Profit for the period	Total Group share	Minority interests	Total
AT 31 MARCH 2013(1)	**14,232**	**88,633**	**356,979**	**2,782**	**59,277**	**521,903**	**32,789**	**554,692**
Allocation of 2012/2013 net profit	-	-	59,277	-	(59,277)	-	-	-
Dividends paid	-	-	(13,542)	-	-	(13,542)	(2,880)	(16,422)
Share capital increase	-	-	-	-	-	0	-	0
Issue of shares (stock options)	28	853		-	-	882	-	882
Treasury shares(2)	339	(125)	(281)	-	-	(67)	-	(67)
Shares delivered to Group employees	15	889		-	-	904	-	904
Stock option plans reserved for employees (value of services provided by staff)	-	-	2,767	-	-	2,767	-	2,767
Other movements	-	-	(198)	-	-	(198)	13	(185)
Changes in consolidation scope	-	-	(142)	-	-	(142)	(8)	(150)
Net profit for the period	-	-	-	-	*50,110*	*50,110*	*31*	*50,141*
Items of other comprehensive income	-	-	*662*	*(13,283)*	-	*(12,621)*	*(2,292)*	*(14,913)*
Total income and expenses recognised in Comprehensive Income	**-**	**-**	**662**	**(13,283)**	**50,110**	**37,489**	**(2,261)**	**35,228**
AT 31 MARCH 2014(2)	**14,614**	**90,250**	**405,522**	**(10,501)**	**50,110**	**549,995**	**27,653**	**577,648**
Allocation of 2013/2014 net profit	-	-	50,110	-	(50,110)	-	-	-
Dividends paid	-	-	(11,454)	-	-	(11,454)	(256)	(11,710)
Share capital increase	-	-	-	-	-	-	-	-
Issue of shares (stock options)	-	-	-	-	-	-	-	-
Treasury shares	-	4,048	(3,231)	-	-	817		817
Shares delivered to Group employees	-	-	-	-	-	-	-	-
Stock option plans reserved for employees (value of services provided by staff)	-	-	2,162	-	-	2,162	-	2,162
Other movements	-	-	1,220	-	-	1,220	-	1,220
Other changes in consolidation scope	-	-	(243)	-	-	(243)	(196)	(439)
Net profit for the period	-	-	-	-	*55,645*	*55,645*	*(2,770)*	*52,875*
Items of other comprehensive income	-	-	*(7,457)*	*35,049*	-	*27,592*	*7,285*	*34,877*
Total income and expenses recognised in Comprehensive Income	**-**	**-**	**(7,457)**	**35,049**	**55,645**	**83,237**	**4,515**	**87,752**
AT 31 MARCH 2015	**14,614**	**94,298**	**436,629**	**24,549**	**55,645**	**625,734**	**31,716**	**657,450**

(1) Restated following application of IAS 19 Revised.
(2) Reclassification of treasury shares at 31 March 2014 from "consolidated reserves" to "share capital" for EUR 281 thousands.

The attached Notes 1 to 39 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Cash flow statement (EUR thousands)	Notes	31 March 2015	31 March 2014[1]
Net profit - Group share		**55,645**	**50,110**
Net profit - Minority interests		(2,769)	31
Adjustments for non-cash items:		-	-
• Depreciation and amortisation charges		17,446	15,985
• Cost of performance-based shares		2,162	2,767
• Asset impairment (including goodwill)		-	-
• Unrealised net loss/(gain) on derivative instruments and revaluation of monetary assets and liabilities		3,392	(1,167)
• Movement in provisions for current assets and liabilities and charges		6,125	10,404
• Net loss/(gain) on asset disposals		45	53
• Grant income		(248)	(439)
• Share of profit of equity-accounted entities	Note 8	(6,551)	(4,368)
• Dividends received from equity-accounted joint ventures		3,214	1,255
Dilution profit		-	-
Net cost of financial debt		10,970	9,343
Income tax charge (including deferred tax)		28,535	26,432
SELF-FINANCING CAPACITY BEFORE INTEREST AND TAX		**117,966**	**110,406**
Change in working capital requirements		**4,414**	**(38,052)**
Decrease (+) increase (-) in inventories		(13,071)	(16,610)
Decrease (+) increase (-) in trade and other receivables		(9,379)	(27,338)
Increase (+) decrease (-) in trade and other payables		29,094	9,067
Increase (+) decrease (-) in income tax		(2,230)	(3,171)
Income tax paid		**(25,799)**	**(30,800)**
Net financial interest paid		**(9,830)**	**(8,894)**
CASH FLOW FROM OPERATING ACTIVITIES		**86,751**	**32,660**
Purchase of intangible assets		(9,446)	(7,395)
Purchase of property, plant and equipment		(14,298)	(11,145)
Proceeds from capital grants		88	189
Proceeds from disposal of PPE and intangible assets		169	432
Purchase of non-current financial assets		(237)	(574)
Proceeds from sale of non-current financial assets		544	3,044
Free cash flow[2]		***63,571***	***17,211***
Cash and cash equivalents of acquired subsidiaries		(1,880)	(27,410)
Cash and cash equivalents from disposal of subsidiaries		-	-
Impact of changes in consolidation scope		-	-
CASH FLOW FROM INVESTMENT ACTIVITIES		**(25,060)**	**(42,859)**
Proceeds from new share issue		-	-
Buyback of treasury shares		817	1,717
Movement in share and merger premiums		-	-
Other movements in equity (cash-flow hedge)		-	-
Dividends paid to parent company shareholders		(11,248)	(13,542)
Dividends paid to minority interests		(256)	(2,880)
Proceeds from new borrowings		16	135,383
Repayment of borrowings		(36,710)	(41,151)
CASH FLOW FROM FINANCING ACTIVITIES		**(47,381)**	**79,527**
Net foreign exchange difference		(17,574)	3,674
Net increase/(decrease) in total cash and cash equivalents		**(3,265)**	**73,001**
Cash and cash equivalents at beginning of the year		237,935	164,931
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	Note 10	**234,675**	**237,934**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Free cash flow is defined as cash flow from operating activities plus cash flow from investment activities excluding cash flow from acquisitions/disposals of subsidiaries.

3.6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents

NOTE 1 GENERAL INFORMATION

Faiveley Transport is a French public limited company (*société anonyme*) with a Management Board and a Supervisory Board. At 31 March 2015, its registered office was located at:

Immeuble le Delage, Hall Parc, Bâtiment 6A
3 rue du 19 mars 1962
92230 – Gennevilliers

The consolidated financial statements are prepared by the Management Board and submitted for approval to the shareholders at the General Meeting.

The 2013/2014 consolidated financial statements have been submitted for approval at the Shareholders' General Meeting of 12 September 2014.

The financial statements for 2014/2015 were approved by the Management Board at its meeting on 27 May 2015. They were presented to and reviewed by the Supervisory Board at its meeting of 27 May 2015.

The financial statements have been prepared on the basis that the Faiveley Transport Group operates as a going concern.

The Group's functional and presentation currency is the Euro. Figures are expressed in thousands of Euros unless indicated otherwise.

NOTE 2 HIGHLIGHTS

Significant events

On 7 April 2014, the Supervisory Board of Faiveley Transport appointed Stéphane Rambaud-Measson Chairman of the Management Board and CEO of Faiveley Transport. He had joined the Group on 17 March 2014 as Group Executive Vice President.

On 28 January 2015, Faiveley Transport refinanced its syndicated loan and part of its bilateral revolving facilities, replacing them with a new syndicated loan. This new facility comprises a five-year, amortisable loan of EUR 225 million and a multi-currency revolving facility of EUR 125 million. This refinancing enables the Group to increase its financial flexibility, improve its borrowing terms and extend the average maturity of financing while expanding its banking pool.

NOTE 3 ACCOUNTING PRINCIPLES AND METHODS

Basis of preparation

In application of regulation 1606/2002 of the European Union (EU), the consolidated financial statements of the Faiveley Transport Group are prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union.

CHANGES IN ACCOUNTING POLICIES DUE TO NEW STANDARDS AND INTERPRETATIONS OF MANDATORY APPLICATION FOR INTERIM PERIODS AND FINANCIAL YEARS STARTING ON OR AFTER 1 APRIL 2014

Pursuant to the transition provisions of the new IFRS 10 and 11 applicable retrospectively, the comparative period to 31 March 2014 has been restated in this financial report.

This retrospective application has had no impact on equity (Group share) and net profit for the year to 31 March 2014. The impacts of this change in method on the balance sheet and net profit for the 2013/2014 financial year are disclosed below.

The share of profit of equity-accounted entities has been entirely reclassified as operating profit and included under "Operating profit after share of profit of equity-accounted entities", since the business of these entities bears some similarity to the Group's business.

IFRS 10 – Consolidated financial statements

This standard defines control as being exercised when the investor is exposed or has rights to variable returns and has the ability to affect these returns through its power over the investee.

IFRS 11 – Joint arrangements

This new standard essentially provides for two distinct accounting treatments:

- partnerships considered to be joint operations shall be recognised based on the share of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may or may not be effected through a separate entity;
- partnerships considered to be joint ventures shall be recognised according to the equity method, to the extent that they only entitle to ownership of a portion of the entity's net assets.

The Group has analysed its joint arrangements and concluded that the three jointly-held companies are joint ventures and need to be equity accounted from 1 April 2014 (these three companies were proportionally accounted until that date).

IFRS 12 – Disclosure of interests in other entities

As part of the adoption of IFRS 12, the Group has analysed the information disclosed in the notes to the consolidated financial statements and provided supplementary information in order to comply with the requirements of this new standard. The analysis of the materiality of minority interests, joint ventures and associates has been based on key indicators such as consolidated net profit, operating profit after share of profit of equity-accounted entities, equity - Group share and total assets.

Information disclosed under Note 37 "Consolidation scope" has been supplemented to differentiate between equity-accounted entities which are jointly controlled (joint ventures) from those that are subject to significant influence (other equity-accounted entities).

The following notes have also been supplemented:

- Note 8 Investments in equity-accounted entities;
- Note 31 Payroll costs and workforce;
- Note 34 Transactions with related parties;
- Note 36 Off-balance sheet commitments.

Impact on the income statement for the year to 31 March 2014

(EUR thousands)	31 March 2014 - Published	Impact IFRS 10,11,12	31 March 2014(1)
Net sales	**982,416**	**(25,251)**	**957,165**
Cost of sales	(746,726)	16,529	(730,197)
Gross profit	**235,690**	**(8,722)**	**226,968**
% of Sales	*24.0%*	*-0.3%*	*23.7%*
Administrative costs	(80,091)	1,656	(78,435)
Sales and marketing costs	(43,633)	197	(43,436)
Research and development costs	(14,035)	449	(13,586)
Other operating income	4,004	616	4,620
Other operating expenses	(12,006)	493	(11,513)
Profit from recurring operations	**89,929**	**(5,311)**	**84,618**
% of Sales	***9.2%***	***-0.3%***	***8.8%***
Restructuring costs	(1,267)	-	(1,267)
Gain/(loss) on disposal of property, plant and equipment and intangible assets	(50)	(3)	(53)
OPERATING PROFIT	**88,612**	**(5,314)**	**83,298**
% of Sales	***9.0%***	***-0.3%***	***8.7%***
Share of profit of joint ventures	-	4,368	4,368
Share of profit of associates	-	-	-
Operating profit after share of profit of equity-accounted entities	**88,612**	**(946)**	**87,666**
% of Sales	***9.0%***	***0.1%***	***9.2%***
Amortisation and depreciation charges included in operating profit	*16,248*	*(263)*	*15,985*
Operating profit before amortisation and depreciation charges	***104,860***	***(1,209)***	***103,651***
Net cost of financial debt	(9,341)	(3)	(9,344)
Other financial income	14,365	(1)	14,364
Other financial expenses	(16,387)	274	(16,113)
NET FINANCIAL EXPENSE	**(11,363)**	**270**	**(11,093)**
Share of profit of other equity-accounted entities	-	-	-
PROFIT BEFORE TAX	**77,249**	**(676)**	**76,573**
Income tax	(27,108)	676	(26,432)
NET PROFIT FROM CONTINUING OPERATIONS	**50,141**	**-**	**50,141**
Profit of discontinued operations	-	-	-
CONSOLIDATED NET PROFIT	**50,141**	**-**	**50,141**
attributable to:			
Minority interests	31	-	31
NET PROFIT - GROUP SHARE	**50,110**	**-**	**50,110**
% of Sales	***5.1%***		***5.1%***

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12.

Impact on the cash flow statement for the year to 31 March 2014

Cash flow statement *(EUR thousands)*	31 March 2014 published	Impact IFRS 10, 11,12	Presentation restatements	31 March 2014[(1)]
Net profit - Group share	**50,110**	**-**	**-**	**50,110**
Net profit - Minority interests	31	-	-	31
Adjustments for non-cash items:	-	-	-	-
• Depreciation and amortisation charges	16,249	(264)	-	15,985
• Cost of performance-based shares	2,767	-	-	2,767
• Asset impairment (including goodwill)	-	-	-	-
• Unrealised net loss/(gain) on derivative instruments and revaluation of monetary assets and liabilities	(1,167)	-	-	(1,167)
• Movement in provisions for current assets and liabilities and charges	11,301	(897)	-	10,404
• Other calculated income and expenses	(2,165)	134	2,031	-
• Net loss/(gain) on asset disposals	50	3	-	53
• Grant income	(439)	-	-	(439)
• Share of profit of equity-accounted entities	-	(4,368)	-	(4,368)
• Dividends received from equity-accounted joint ventures	-	-	1,255	1,255
• Dilution profit	-	-	-	-
Net cost of financial debt	-	-	9,343	9,343
Income tax charge (including deferred tax)	-	-	26,432	26,432
SELF-FINANCING CAPACITY BEFORE INTEREST AND TAX	**76,737**	**(5,392)**	**39,061**	**110,406**
Change in current assets and liabilities	**(41,143)**	**754**	**2,337**	**(38,052)**
Decrease (+) increase (-) in inventories	(17,458)	848	-	(16,610)
Decrease (+) increase (-) in trade and other receivables	(33,081)	5,743	-	(27,338)
Increase (+) decrease (-) in trade and other payables	14,347	(5,280)	-	9,067
Increase (+) decrease (-) in income tax	(4,951)	(557)	2,337	(3,171)
Income tax paid	**-**	**-**	**(30,800)**	**(30,800)**
Net financial interest paid	**-**	**-**	**(8,894)**	**(8,894)**
Dividends received from equity-accounted joint ventures	**-**	**1,255**	**(1,255)**	**-**
CASH FLOW FROM OPERATING ACTIVITIES	**35,594**	**(3,383)**	**449**	**32,660**
Purchase of intangible assets	(7,399)	4	-	(7,395)
Purchase of property, plant and equipment	(11,309)	164	-	(11,145)
Proceeds from capital grants	189	-	-	189
Proceeds from disposal of PPE and intangible assets	437	(5)	-	432
Purchase of non-current financial assets	(574)	-	-	(574)
Proceeds from sale of non-current financial assets	3,044	-	-	3,044
Free cash flow	***19,982***	***(3,220)***	***449***	***17,211***
Cash and cash equivalents of acquired subsidiaries	(27,410)	-	-	(27,410)
Cash and cash equivalents from disposal of subsidiaries	-	-	-	-
Impact of changes in consolidation scope	-	-	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES	**(43,022)**	**163**	**-**	**(42,859)**
Proceeds from new share issue	-	-	-	-
Buyback of treasury shares	1,717	-	-	1,717
Movement in share and merger premiums	-	-	-	-
Other movements in equity (*cash-flow hedge*)	1,265	-	(1,265)	-
Dividends paid to parent company shareholders	(13,542)	-	-	(13,542)
Dividends paid to minority interests	(2,880)	-	-	(2,880)
Proceeds from new borrowings	135,832	-	(449)	135,383
Repayment of borrowings	(42,416)	-	1,265	(41,151)
CASH FLOW FROM FINANCING ACTIVITIES	**79,976**	**-**	**(449)**	**79,527**
Net foreign exchange difference	3,797	(123)	-	3,674
Net increase/(decrease) in total cash and cash equivalents	**76,345**	**(3,343)**	**-**	**73,002**
Cash and cash equivalents at beginning of the year	165,913	(982)	-	164,931
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**242,258**	**(4,324)**	**-**	**237,934**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12, as well as from presentation restatements.

3

In determining the restatements related to the initial application of IFRS 10, 11 and 12 in the consolidated cash flow statement, the Group has also made restatements to the presentation intended to improve the readability and clarity of the information presented. These restatements are of the following nature:

Cash flow statement	Income tax	Net financial debt	Other reclassifications[1]	Total presentation restatements
Net profit - Group share	-	-	-	-
Self-financing capacity before interest and tax	28,463	9,343	1,255	39,061
Change in current assets and liabilities	2,337	-	-	2,337
Income tax paid	(30,800)	-	-	(30,800)
Net financial interest paid	-	(8,894)	-	(8,894)
Dividends received from equity-accounted joint ventures	-	-	(1,255)	(1,255)
CASH FLOW FROM OPERATING ACTIVITIES	**-**	**449**	**-**	**449**
Cash flow from investment activities	-	-	-	-
Cash flow from financing activities	-	(449)	-	(449)
Net foreign exchange difference	-	-	-	-
Net increase/(decrease) in total cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of the year	-	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**-**	**-**	**-**	**-**

(1) Of which reclassification of dividends received from equity-accounted entities of EUR 1,255 thousand to self-financing capacity before interest and tax.

Impact on the balance sheet at 31 March 2014

- ASSETS

(EUR thousands)	31 March 2014 Net published	Impact IFRS 10,11,12	31 March 2014[1] Net
Goodwill	**663,940**	**(102)**	**663,838**
Intangible assets	**50,559**	**(58)**	**50,501**
Property, plant and equipment	-	-	
Land	5,766	-	5,766
Buildings	22,643	(120)	22,523
Plant and machinery	30,612	(526)	30,086
Other property, plant and equipment	9,762	(130)	9,632
Equity interests in equity-accounted entities	**-**	**-**	**-**
Shareholdings in equity-accounted joint ventures	-	12,337	12,337
Shareholdings in other equity-accounted entities	-	-	-
Other non-current financial assets	**-**	**-**	**-**
Shareholdings in unconsolidated subsidiaries	254	-	254
Other long-term financial investments	2,449	-	2,449
Deferred tax assets	**52,422**	**(684)**	**51,738**
TOTAL NON-CURRENT ASSETS (I)	**838,407**	**10,717**	**849,124**
Inventories	154,486	(8,125)	146,361
Work-in-progress on projects	111,360	1,154	112,514
Advances and prepayments paid	2,892	(584)	2,308
Trade receivables	207,638	(13,064)	194,574
Other current assets	30,867	1,942	32,809
Taxation receivable	13,191	-	13,191
Current financial assets	7,907	-	7,907
Short-term investments	69,793	-	69,793
Cash	173,742	(4,323)	169,419
Assets held for sale	-	-	-
TOTAL CURRENT ASSETS (II)	**771,876**	**(23,000)**	**748,876**
TOTAL ASSETS (I + II)	**1,610,285**	**(12,285)**	**1,598,000**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12.

■ EQUITY AND LIABILITIES

(EUR thousands)	31 March 2014 Net Published	Impact IFRS 10, 11,12	31 March 2014[(1)] Net
Shareholders' equity			
Share capital[(2)]	14,614	-	14,614
Share premium	90,249	-	90,249
Translation difference	(10,501)	-	(10,501)
Consolidated reserves[(2)]	405,222	-	405,522
Net profit for the period	50,110	-	50,110
Total equity – Group share	***549,994***	**-**	***549,994***
Minority interests			
Share of reserves	27,895	-	27,895
Share of net profit	(242)	-	(242)
Total minority interests	***27,653***	**-**	***27,653***
TOTAL CONSOLIDATED EQUITY (I)	**577,647**	**-**	**577,647**
Non-current provisions	38,235	-	38,235
Deferred tax liabilities	34,039	(9)	34,030
Non-current borrowings and financial debt	407,983	-	407,983
TOTAL NON-CURRENT LIABILITIES (II)	**480,257**	**(9)**	**480,248**
Current provisions	97,544	(3,171)	94,373
Current borrowings and financial debt	50,899	-	50,899
Advances and prepayments received	124,043	(1,457)	122,586
Current liabilities	265,683	(7,132)	258,551
Tax payable	14,212	(516)	13,696
TOTAL CURRENT LIABILITIES (III)	**552,381**	**(12,276)**	**540,105**
TOTAL EQUITY AND LIABILITIES (I + II + III)	**1,610,285**	**(12,285)**	**1,598,000**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12.
(2) Reclassification of treasury shares at 31 March 2014 from "consolidated reserves" to "share capital" for EUR 281 thousands.

NEW STANDARDS OF MANDATORY APPLICATION

- Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets.
- Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting.
- Amendment to IAS 32 – Offsetting financial assets and financial liabilities.

These mandatory texts applicable from 1 April 2014 had no significant impact on the Group's financial statements.

NEW STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND WHOSE APPLICATION IS NOT YET MANDATORY

- Levies (IFRIC 21): levies charged by public authorities on entities that operate in a specific market.

  In the European Union, IFRIC 21 must be applied at the latest on the start date of the first financial year beginning on or after 17 June 2014. This standard will be applied by Faiveley Transport from the financial year beginning 1 April 2015.
- Employee benefits: employee contributions (amendments to IAS 19R).
- Annual improvements to IFRS 2010-2012, IFRS 2011-2013.

The impact of these new texts on the consolidated financial statements is currently being analysed by the Group.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AND WHOSE APPLICATION IS NOT YET MANDATORY

- Classification and measurement of financial assets (IFRS 9).
- Regulatory deferral accounts (IFRS 14).
- Revenue from contracts with customers (IFRS 15).
- Investment entities: Application of the consolidation exemption (amendments to IFRS 10, IFRS 12 and IAS 28).
- Disclosure initiative (amendments to IAS 1 "Presentation of financial statements").
- Equity method in separate financial statements (amendments to IAS 27).
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IAS 28 and IFRS 10).
- Recognition of acquisitions of interests in joint operations (amendments to IFRS 11).
- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets).
- Annual improvements to IFRS 2012-2014.

The impact of these new texts on the consolidated financial statements is currently being analysed by the Group.

Consolidation scope and methods

Pursuant to IFRS 10, companies over which the Group directly or indirectly exercises exclusive control are consolidated using the full consolidation method.

In application of IFRS 11, the financial statements of jointly controlled entities are consolidated using the equity method when they qualify as joint ventures and according to the percentage of each entity's interest in each balance sheet item and income statement line when they qualify as joint operations.

Other associate companies over which the Faiveley Transport Group exercises significant influence over financial and operational policies are accounted for using the equity method. Significant influence is presumed when the Group holds more than 20% of the voting rights of a company.

Acquisitions or disposals arising during the financial year are reflected in the consolidated financial statements from the date on which effective control is transferred, unless the impact is not material to the income statement in the case of acquisitions carried out at the end of the financial year.

Intra-Group balances and transactions are eliminated for all consolidated companies.

Faiveley Transport Group companies that are consolidated are listed in Note 37. Note 9 lists companies that are not consolidated due to their insignificant impact on the Faiveley Transport Group's financial statements.

Use of estimates

As part of the preparation of the consolidated financial statements and in accordance with IFRS, Faiveley Transport Group Management must make certain estimates and use assumptions that it considers realistic and reasonable. These estimates and assumptions affect the book value of the assets, liabilities, equity and results, and any contingent assets and liabilities, as presented at the balance sheet date. Group Management regularly reviews its estimates on the basis of the information available to it. When events and circumstances are not in line with expectations, actual results may differ from such estimates.

The main accounting methods whose application necessitates the use of estimates relate to the following items:

RECOGNITION OF THE MARGIN ON LONG-TERM BUILDING AND SERVICE CONTRACTS AND RELATED PROVISIONS (SEE § BELOW – PRESENTATION OF INCOME STATEMENT – 1)

Revenue from long-term building and service contracts is recognised in proportion to the stage of completion of the contracts, in accordance with IAS 11. Project reviews are organised on a regular basis so that the stage of completion and finalisation of the contract can be monitored. If the project review identifies a negative gross margin, a provision is immediately raised in respect of the loss relating to the work not yet carried out.

The total estimated income and expenses in respect of the contract reflect the best estimate of the future benefits and obligations under the contract. The assumptions used to determine the current and future obligations take into account technological, commercial and contractual constraints measured on a contract-by-contract basis.

Obligations under building contracts may result in penalties for delays in a contract's implementation schedule or an unexpected cost increase due to amendments to the project, a supplier's or subcontractor's failure to comply with its obligations or delays caused by unforeseen events or circumstances. Similarly, warranty obligations are affected by product failure rates, equipment wear and tear and the cost of actions needed to return to normal service.

Although the Group measures risks on a contract-by-contract basis, the actual costs resulting from the obligations associated with a contract may prove to be greater than the amount initially estimated. It may therefore be necessary to re-estimate the costs to completion when a contract is still in progress or to re-estimate provisions when a contract is completed.

MEASUREMENT OF DEFERRED TAX ASSETS

The determination of the book values of deferred tax assets and liabilities and the amount of deferred tax assets to be recognised requires management to exercise its judgement as to the level of future taxable profits to be taken into consideration.

MEASUREMENT OF ASSETS AND LIABILITIES IN RESPECT OF RETIREMENT AND OTHER BENEFITS (SEE § BELOW – PROVISIONS FOR LIABILITIES AND CHARGES – 1)

The measurement by the Group of the assets and liabilities relating to defined benefit schemes in accordance with IAS 19 requires the use of statistical data and other parameters used to predict future trends. Such parameters include discount rate, expected return on plan assets, salary increase rate, staff turnover rate and mortality rate. When circumstances where actuarial assumptions prove to be significantly different from actual data subsequently observed, this could result in a substantial amendment to the charge for retirement and similar benefits, actuarial gains and losses and assets and liabilities stated in the balance sheet relating to these commitments.

MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (SEE § BELOW – IMPAIRMENT OF ASSET VALUES

Pursuant to IAS 36, goodwill, including intangible assets with an indefinite useful life, is tested for impairment each year on 31 March or more frequently if there are indications of impairment. The discounted future cash flow model used to determine the fair value of the Cash Generating Units utilises a certain number of parameters including estimated future cash flows, discount rates and other variables, and consequently requires the exercise of judgment to a significant degree.

The assumptions used to carry out impairment tests are the same for property, plant and equipment and intangible assets. Any future deterioration in market conditions or operating performances could result in the inability to recover the current book value of such assets.

INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress are measured at the lower of cost and net estimated realisable value. Writedowns are calculated on the basis of an analysis of foreseeable trends in demand, technology and market conditions, the aim of which is to identify inventories and work-in-progress that are obsolete or surplus to requirements. If market conditions worsen to a greater degree than was forecast, additional writedowns of inventories and work-in-progress may prove necessary.

STOCK-OPTIONS AND FREE SHARES

Share subscription and/or purchase options as well as free shares granted to certain senior executives and employees of the Group are recognised in accordance with IFRS 2.

Options are measured at the allocation date. The fair value of options is a function of the expected life, exercise price, current price of underlying shares, expected volatility and share price.

The fair value of free shares is estimated on the allocation date, specifically based on their expected life, current price of the underlying shares, expected volatility and share price and takes into account the terms and conditions attached to the share allocation.

This value is recognised as personnel cost between the date of grant and the end of the vesting period and offset under equity.

Translation method

The consolidated financial statements are presented in Euro, the Group's reporting currency.

FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Transactions not denominated in the functional currency are translated at the exchange rate on the date when the transaction was first recorded.

At the balance sheet date:

- foreign currency-denominated monetary items are converted at the closing rate;
- foreign currency-denominated non-monetary items valued at historical cost are converted at the foreign exchange rate on the transaction date; and
- foreign currency-denominated non-monetary items valued at fair value are converted using the foreign exchange rate on the date fair value was determined.

FOREIGN CURRENCY-DENOMINATED SUBSIDIARY FINANCIAL STATEMENTS

Subsidiary financial statements are prepared in the currency that is most representative of their economic environment. This currency is deemed to be their functional currency pursuant to IAS 21.

Subsidiary financial statements are translated into Euros using the following exchange rates:

- closing rate for all balance sheet items, with the exception of the components of equity which continue to be translated at historical exchange rates (translation rates used on the date the subsidiary was acquired by the Group);
- average rate for the period for income statement and cash flow statement items.

Translation differences arising in respect of the profit or loss and shareholders' equity are recognised directly in shareholders' equity under the heading "Translation differences" in the case of the Group's share, with the portion attributable to third parties being recorded in minority interests.

On the disposal of a foreign subsidiary, the translation differences relating to such disposal and recognised in shareholders' equity after 1 April 2004 are accounted for in the income statement.

■ TRANSLATION EXCHANGE RATES USED IN THE CONSOLIDATION

	Closing rate		Average rate	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Thai Baht	EUR 0.028557	EUR 0.022367	EUR 0.024283	EUR 0.023715
Swedish Krona	EUR 0.107641	EUR 0.111753	EUR 0.108360	EUR 0.114393
Czech Koruna	EUR 0.036320	EUR 0.036440	EUR 0.036255	EUR 0.037798
US Dollar	EUR 0.929454	EUR 0.725268	EUR 0.788550	EUR 0.745995
Australian Dollar	EUR 0.706514	EUR 0.669299	EUR 0.690302	EUR 0.694002
Hong Kong Dollar	EUR 0.119872	EUR 0.093482	EUR 0.101700	EUR 0.096164
Singapore Dollar	EUR 0.676865	EUR 0.575838	EUR 0.613296	EUR 0.592516
Taiwan Dollar	EUR 0.029536	EUR 0.023893	EUR 0.025757	EUR 0.024966
Swiss Franc	EUR 0.955749	EUR 0.820075	EUR 0.849768	EUR 0.813206
Pound Sterling	EUR 1.374948	EUR 1.207438	EUR 1.273290	EUR 1.185853
Iranian Rial	EUR 0.000033	EUR 0.000029	EUR 0.000030	EUR 0.000035
Brazilian Real	EUR 0.286058	EUR 0.319734	EUR 0.320736	EUR 0.331311
Russian Rouble	EUR 0.016015	EUR 0.020500	EUR 0.017617	EUR 0.022570
Indian Rupee	EUR 0.014865	EUR 0.012110	EUR 0.012911	EUR 0.012324
Korean Won	EUR 0.000839	EUR 0.000682	EUR 0.000745	EUR 0.000684
Chinese Yuan	EUR 0.149903	EUR 0.116613	EUR 0.127297	EUR 0.121946
Polish Zloty	EUR 0.244774	EUR 0.239699	EUR 0.238848	EUR 0.237865

Balance sheet date

All companies are consolidated on the basis of financial statements drawn up at 31 March 2015.

Income statement presentation

1 - SALES REVENUE AND COST OF SALES RECOGNITION

In accordance with IAS 18.20, sales arising from contracts of less than one year in duration, which primarily relate to the sale of spare parts, are recorded upon transfer of risks and rewards, which is generally at the time of delivery to the customer. The same applies to short-term service provisions, carried out from time to time.

For services provided over a longer period, sales are recognised based on the percentage of completion of services.

Sales arising from equipment manufacturing contracts of more than one year in duration are recognised using the percentage of completion method in accordance with IAS 11. A contract consists of two phases: an engineering phase relating to product design and a production phase relating to their manufacture. Contractually, engineering work is invoiced to customers on the basis of the stage of technical completion. Manufactured products are subsequently delivered and invoiced to the customers in accordance with the delivery dates provided for in the contract. Percentage of completion is measured in the large majority of cases on the basis of relating actual sales billed and delivered to the total sales value of the contract. The total estimated cost of completion includes direct costs (such as raw materials, labour and engineering) relating to the contracts. This includes costs already committed and future costs, including warranty costs and costs specific to the probable risks. Provision charges for losses to completion and other provisions on contracts are recorded as cost of sales in the income statement if, during the review of the contracts, it seems probable that the costs to which they relate will arise.

Changes in the conditions of contract fulfilment and all changes to margins at completion are recorded as cost of sales in the income statement in the period in which they are identified.

Warranty provisions are valued based on contract terms and an assessment of risks based on sector knowledge.

2 - OPERATING PROFIT AFTER SHARE OF PROFIT OF EQUITY-ACCOUNTED ENTITIES

Operating profit after share of profit of equity-accounted entities is the indicator used by the Group to present a level of operational profitability that can be used to forecast recurring performance.

This aggregate includes gross profit, research and development costs, sales, marketing and administrative costs and other operating income and expenses. It also includes the share of retirement and other benefits corresponding to the cost of services provided during the period, the cost of employee share-based payments and profit-sharing plans, as well as foreign exchange gains and losses related to operating activities. Lastly, it includes the share of profit of equity-accounted entities.

3 - FINANCIAL INCOME AND EXPENSES

Financial income and expenses include:

- interest income and expense on the consolidated net debt, which consists of borrowings, other financial liabilities (including liabilities in respect of finance leases) and cash and cash equivalents;
- dividends received from unconsolidated equity investments;
- the effect of discounting financial provisions;
- changes in financial instruments;
- foreign exchange gains and losses on financial transactions.

4 - INCOME TAX

The Group calculates its income tax in accordance with tax laws applicable in the country where profits are taxable and in accordance with IAS 12.

The current tax liability is calculated using the tax laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable profits. Management periodically assesses tax positions taken in light of applicable tax regulations, where the latter are subject to interpretation, and determines, if applicable, the amounts it expects to pay to tax authorities.

Temporary differences between the book value of assets and liabilities and their tax base, tax losses carried forward and unused tax credits are identified in each taxable entity (or tax group, if applicable). The corresponding deferred tax is calculated using the tax rates that have been enacted or substantively enacted for the financial year during which assets will be realised or liabilities settled (see § Deferred tax).

Pursuant to the Conseil National de la Comptabilité (CNC) communication of 14 January 2010 relating to the accounting treatment of the component based on value added (CVAE) of the CET tax (Contribution Economique Territoriale) introduced in France by the 2010 Finance Act of 31 December 2009, following an analysis carried out by the Group and in light of its specific features, it was decided to treat the value-added based CVAE as income tax, in order to remain consistent with the classification of similar taxes in Germany and Italy (*Gewerbesteuer* and *IRAP*, respectively).

5 - PROFIT OR LOSS OF OPERATIONS HELD FOR DISPOSAL AND DISCONTINUED OPERATIONS

The net of tax profit or loss from discontinued operations as defined by IFRS 5 is presented under a separate heading in the income statement. It includes the net profit or loss of such activities during the year and up to their date of disposal, as well as the net gain or loss on the disposal itself.

6 - EARNINGS PER SHARE

Basic earnings per share is calculated based on the profit attributable to holders of ordinary shares of the parent company, divided by the weighted average number of ordinary shares outstanding during the financial period. Since the shares of the consolidating entity held by itself are deducted from shareholders' equity, these shares are excluded from the weighted average number of outstanding shares.

Diluted earnings per share is calculated based on the weighted average number of shares outstanding during the financial period adjusted for the number of shares that would be generated by the exercise of share subscription options or purchase options granted by the Group as per the conditions of IAS 33.45 and subsequent.

Intangible assets

1 - GOODWILL

On each acquisition, the Group identifies and assesses the fair value of all assets and liabilities acquired, particularly intangible assets and property, plant and equipment, brands, inventories, work-in-progress and all provisions for liabilities and charges.

The unallocated difference between the cost of securities in companies acquired and consolidated and the fair value of assets and liabilities is recorded as goodwill. Where this difference is negative, it is taken directly to the income statement. When this difference is positive, it is recognised in the balance sheet.

In case of the partial acquisition of a company, goodwill will either be recognised based on the percentage of ownership of this new entity or fully consolidated, *i.e.* taking account of the share attributable to minority interests.

Acquisitions of minority interests in subsidiaries that are already fully consolidated

Prior to the application of revised IAS 27, the Group had elected to recognise additional goodwill, which corresponded to the difference between the acquisition cost of securities and the additional share in consolidated equity that these securities represented.

Since the implementation of this standard, acquisitions of minority interests are now recognised as a deduction from the Group's share of shareholders' equity.

Accounting treatment of put options on minority interests

Similar to the accounting treatment used for acquisitions of minority interests, the Group elected to use the option to recognise additional goodwill as part of the accounting treatment of put options on minority interests that existed prior to 1 April 2010. Put options granted after revised IFRS 3 and IAS 27 became applicable are recognised as a deduction from equity (see below Financial Assets and Liabilities - § 6).

2 - INTANGIBLE ASSETS ACQUIRED SEPARATELY OR PURSUANT TO A BUSINESS COMBINATION

Intangible assets acquired separately are recorded in the balance sheet at their historical cost.

Intangible assets (primarily brands) resulting from the valuation of assets of acquired companies are recorded in the balance sheet at their fair value, determined generally on the basis of appraisals by external experts when significant in value.

Intangible assets, other than those with indefinite useful lives, are amortised on a straight-line basis over their estimated useful lives, which are as follows:

■ Software	1 to 10 years
■ Patents	5 to 15 years
■ Development costs	3 years

3 - INTERNALLY-GENERATED INTANGIBLE ASSETS

Research costs are expensed immediately when incurred.

Development costs on new projects are capitalised if all of the following criteria are met:

- the project is clearly identifiable and its related costs are separately identified and reliably measured;
- the technical feasibility of the project has been demonstrated and the Group has the intent and the financial capability to complete the project and to use or to sell the products derived from this project;
- it is probable that the project developed will yield future economic benefits for the Group.

These costs relate to the purchase of raw materials and labour. Capitalised project development costs are amortised on a straight-line basis over 3 years.

Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost or at their fair value when new subsidiaries are acquired. Depreciation is calculated separately for every asset component that has a distinct useful life. The useful lives of the assets concerned are generally deemed to be as follows:

■ Buildings	15 to 25 years
■ Fixtures and fittings	10 years
■ Industrial machinery and equipment	5 to 20 years
■ Tools	3 to 5 years
■ Vehicles	3 to 4 years
■ Office equipment and furniture	3 to 10 years

Assets acquired under finance leases are recorded as assets when the lease agreement transfers substantially all the risks and rewards inherent to ownership of an asset to the Group. At each balance sheet date, a finance lease recognised as an asset gives rise to a depreciation charge (consistent with the depreciation policy applicable to other depreciable assets of the same nature). Lease agreements for which the risks and rewards of ownership are not transferred to the Group are treated as operating leases, with corresponding lease payments expensed on a straight-line basis over the lease term.

Impairment of asset values

Goodwill and intangible assets with indefinite useful lives are tested for impairment each year.

Intangible assets and property, plant and equipment with finite useful lives are tested for impairment as soon as there is any indication that such assets may have become impaired. Where relevant, a provision for impairment is recognised.

Impairment testing involves comparing the recoverable amount of the asset with its net book value. Recoverable amount is the higher of fair value less costs to sell the assets and its value in use.

Tests are carried out on the basis of Cash Generating Units (CGUs) to which these assets can be allocated. A CGU is a consistent group of assets whose continuous utilisation generates cash inflows that are largely independent of cash inflows generated by other groups of assets.

The value in use of a CGU is determined based on the present value of the estimated future cash flows to arise from these assets, within the framework of economic assumptions and operating conditions anticipated by Group Management. The measurement carried out is based mainly on the Group's three-year plan. Cash flows beyond that timeframe are extrapolated by applying a stable growth rate.

The recoverable amount is the sum of the present value of the cash flows and the present value of the terminal residual value. The discount rate is determined using the sector's weighted average cost of capital.

When this value is less than the book value of the CGU, an impairment loss, first allocated to goodwill, is recognised.

In the event of an indication of a recovery in value, this impairment loss may eventually be reversed to the extent that it does not exceed the net book value of the asset at the same date had it not been subject to a writedown. Impairment losses recorded on goodwill may not be reversed.

Financial assets and liabilities

Pursuant to IAS 32 and IAS 39, financial assets and liabilities comprise operating receivables and liabilities, financial loans and liabilities, shareholdings in unconsolidated companies, marketable securities, borrowings and other financial liabilities and derivative financial instruments.

On initial recognition, a financial instrument is valued at fair value, adjusted for issue costs:

- fair value, as defined by the applicable IAS, corresponds as a general rule to transaction value, with exceptions discussed below;
- under the IAS, the term "issue costs" is used to mean all of the ancillary costs directly attributable to the acquisition or implementation of the financial instruments.

Specific cases where fair value differs from the value on initial recognition in the balance sheet include loans, borrowings, operating receivables and liabilities which are interest-free or at beneficial rates. In such specific cases, fair value is calculated by discounting the cash flows associated with the financial instrument, using the market rate increased by a risk premium.

At future balance sheet dates, financial assets and liabilities are recorded at either their amortised cost or fair value depending on the class of assets or liabilities to which they belong.

The accounting treatment of identified financial assets and liabilities is as follows:

1 - OPERATING RECEIVABLES

At each balance sheet date, the Group assesses whether there is an objective indication of impairment of a receivable. If there are objective indications of impairment in respect of assets recognised at amortised cost, the book value of the asset is reduced *via* the use of an impairment account. The amount of the impairment is recognised in the income statement.

If the amount of the impairment reduces during a subsequent accounting period, and if such reduction can be objectively linked to an event that occurred after the recognition of the impairment, the impairment loss previously recognised is reversed to the extent that the book value of the asset does not exceed the amortised cost on the date the impairment loss is reversed. Any subsequent reversal is recognised in the income statement.

Regarding doubtful trade receivables, a provision is raised when there is an objective indication of the Group's inability to recover all or part of the amounts due under the terms contractually laid down in respect of the transaction. Significant financial difficulties encountered by the debtor, the probability that the debtor will become bankrupt or undergo a financial restructuring or payment default are indications of the impairment of a receivable. The book value of the trade receivable is reduced *via* the use of a value adjustment account.

Within the framework of the factoring of trade receivables, an analysis of the risks and rewards relating to the transfer of such receivables must be conducted pursuant to IAS 39 (credit risk and interest rate risk primarily):

- if the risks and rewards are substantially transferred, the receivables are deconsolidated from the balance sheet against cash;
- if the risks and rewards are substantially retained, the receivables are maintained on the balance sheet with a corresponding liability being recognised, the transaction being accounted for as a borrowing guaranteed by receivables.

2 - FINANCIAL RECEIVABLES AND LOANS

These financial instruments are also recorded at their amortised cost. They are subject to valuation tests, which are realised when there is an indication that their recoverable amount is less than their book value, in accordance with the same principles as those described in paragraph "1 - operating receivables". The impairment loss is recorded in the income statement as are any loss reversals.

3 - SHAREHOLDINGS IN UNCONSOLIDATED COMPANIES

These financial instruments are classified as assets held for sale. They are unlisted shares for which the fair value cannot be reliably determined and therefore the book value at which they are recognised is their acquisition cost.

In the event of an objective indication of impairment of the financial asset (notably a significant and sustained drop in its value), the impairment loss is recognised in the income statement and may not be reversed in a subsequent period other than on the sale of the shareholding concerned.

4 - CASH, MARKETABLE SECURITIES AND CASH EQUIVALENTS

Cash and marketable securities reflected in the balance sheet include cash balances, bank accounts, term deposits maturing in less than three months and securities that can be traded on official exchanges. These short-term instruments comprise money market funds and certificates of deposit. They are considered by the Group as financial assets held for trading and are valued at their fair value, with any movements in fair value recorded to the income statement.

In the case of highly liquid short-term investments (maturity not exceeding three months), it is assumed that their fair value is equal to their book value (capitalised interest included). Such items are therefore classified as cash equivalents.

5 - BORROWINGS AND OTHER FINANCIAL LIABILITIES

Borrowings are initially recognised net of related expenses. Their cost is amortised using the effective interest rate method. Other financial liabilities are recognised at amortised cost.

6 - PUT OPTIONS HELD BY MINORITY SHAREHOLDERS IN GROUP SUBSIDIARIES

If the put options held by minority shareholders in Group subsidiaries have an impact on the transfer of risks and rewards associated with underlying securities, the put option gives rise to the recognition of a firm and immediate acquisition of the securities, with their payment being deferred.

In accordance with IAS 32, put options are recognised as financial liabilities if they have no impact on the transfer of risks and rewards. The amount reflected in the balance sheet corresponds to the present value of the exercise price of put options, measured according to the discounted future cash flow method. This liability is offset under equity.

Subsequent fair value movements are recognised:

- in equity, for the estimated change in value of the exercise price;
- in net financial income (expense) for the reversal of debt discounting.

Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to movements in interest rates and in the exchange rates of foreign currencies. As part of its hedging policy, the Group uses interest rate swaps and contracts for forward purchases and sales of currencies. The Group may also use option contracts.

1 - FOREIGN EXCHANGE RISK

The Group operates in foreign countries and is therefore exposed to exchange risk as a result of its exposure to a number of currencies. The management of exchange risk is centralised by the parent company's Treasury Department and comprises two parts:

- exchange risk management relating to tenders in foreign currencies (uncertain risk);
- exchange risk management relating to commercial contracts (certain risk).

The Group's policy is to hedge all expected future transactions in each major currency.

2 - INTEREST RATE RISK

The Group manages its interest rate cash flow risk through the use of variable rate against fixed rate swaps or options. From an economic point of view, the effect of these interest rate swaps or caps is to convert variable rate borrowings into fixed rate borrowings. The Group may also use structured instruments that do not qualify for hedge accounting.

A detailed description of the exchange and interest rate risks is provided in Note 20: management of financial risks.

3 - DERIVATIVE FINANCIAL INSTRUMENTS GENERAL ACCOUNTING RULES

The derivative instruments used by the Group qualify for accounting purposes as hedges if the derivative is eligible for hedge accounting and if the hedging relationship is documented in accordance with the principles of IAS 39.

The derivative hedge instruments are recorded in the balance sheet at their fair value. The recognition of movements in the fair value of derivative instruments depends on the following three classifications:

- fair value hedges: movements in the fair value of the derivative are taken to the income statement and offset, to the extent of the effective part, the movements in fair value of the underlying asset, liability or firm commitment, also recorded in the income statement. Forward exchange transactions and exchange swaps that cover certain commercial contracts and financial assets and liabilities denominated in foreign currencies are considered as fair value hedges;
- hedging future flows: movements in fair value are recorded in equity for the effective part and reclassified in income when the item covered affects the latter. The ineffective part is taken directly to financial income and expense. Interest rate derivative instruments, as well as budget cash flow hedges are treated as future cash flow hedges;
- transaction derivatives: the movements in the fair value of the derivative are recorded in financial income and expenses.

Inventories and work-in-progress

Inventories and work-in-progress include raw materials, work-in-progress and finished products. They are stated at the lower of production cost and estimated net realisable value.

Raw materials are measured using the weighted average cost method.

Work-in-progress and finished products are measured at their production cost. The cost of inventories includes direct raw material costs and, where relevant, direct labour costs as well as overheads incurred in bringing the inventories to their present location and condition.

Writedown is recognised to take account of obsolescence (see § above Use of estimates – inventories and work-in-progress).

Non-current assets held for disposal and discontinued operations

IFRS requires the separate disclosure in the balance sheet of the total value of assets and liabilities of operations held for disposal without any offset. IFRS also requires the separate disclosure in the income statement of the total after tax profit realised from discontinued operations.

Non-current assets held for disposal may no longer be depreciated or amortised. They are valued at the lower of their book value and fair market value net of disposal costs.

Treasury shares

Faiveley Transport parent company shares held by the subsidiaries or the parent company are deducted from consolidated equity, with any gains or losses on their disposal being directly allocated to equity.

Provisions for liabilities and charges

1 - PROVISIONS FOR RETIREMENT BENEFITS AND OTHER EMPLOYEE COMMITMENTS

In accordance with the laws and practices of each country, Faiveley Transport Group participates in retirement benefit plans, social security plans, medical plans and employment termination indemnity schemes, with benefits based on several factors including seniority, wages and payments made into mandatory general plans.

These plans may be defined-benefit or defined-contribution plans.

Post-employment benefits – defined benefits

Following retirement, Group employees receive benefits (pension or allowance) funded by a number of Group companies. These defined benefit plans primarily concern the United Kingdom, Germany, France and Italy.

In the United Kingdom and Germany, the majority of these plans involve supplementary pension plans. In the United Kingdom, commitments are pre-financed by plan assets.

In France, employees are granted by law a retirement benefit for an amount that varies according to the applicable collective agreement, seniority of employment and end-of-career salary. This benefit is paid by the employer when the employee retires.

In Italy, the law provides for the payment by companies of the "Trattamento di Fine Rapporto" (Severance pay) or TFR for the benefit of employees. The TFR is funded by a 7.4% contribution paid by the employer and is accumulated so as to provide the employee with a lump sum when leaving the Company. The impact of the TFR reforms has been integrated since 31 March 2008. The provision established in the Company's financial statements relates to rights acquired prior to 1 January 2007. For rights acquired subsequently, the employer's commitment is limited to the payment of contributions to external funds.

Commitments for defined benefit plans are calculated based on the projected unit credit method. From the financial year beginning 1 April 2013, actuarial gains and losses are recognised under items of other comprehensive income in accordance with revised IAS 19.

Post-employment benefits – defined contributions

Contributions into defined contribution plans are expensed when made.

Other long-term benefits

Other long-term benefits primarily concern Germany (seniority bonuses and early retirement schemes) and France (seniority awards).

Actuarial differences for this type of plan are expensed when they arise.

The net expense for retirement commitments and similar benefits is broken down between cost of sales and structure costs, according to the distribution of the Company workforce.

2 - OTHER PROVISIONS FOR LIABILITIES AND CHARGES

In accordance with IAS 37, the Faiveley Transport Group recognises a provision when an obligation to a third party arises that will result in a probable loss or liability that can be reasonably measured. The Group reports a contingent liability as an off-balance sheet commitment when there is only a possibility of a resulting loss or liability or when it cannot be reasonably measured.

These provisions are determined based on the best knowledge available concerning risks incurred and their probability of realisation and are allocated to specific risks. They cover, in particular:

- probable after sales service expenditure arising from mechanical warranties;
- probable expenditure for industrial risks covered by contractual guarantees. The measurement of the provision amount is based on such factors as the products' technical complexities, their innovative nature, geographical proximity, etc.;
- litigation risks;
- losses at completion for the part exceeding the amounts due by the customers;
- restructuring costs when the restructuring has been officially announced and is subject of a detailed plan or whose execution has already begun.

These provisions are valued at their present value when their impact is significant and their measurement reasonably reliable.

Provisions for guarantees are calculated according to the percentage related to the type of product manufactured and experience gained of its reliability over time. The percentages vary from 1% to 6% according to the products and are applied to the sales achieved by project.

Deferred tax

In accordance with IAS 12, deferred tax is calculated using the balance sheet liability method (use of tax rates adopted or virtually adopted at the balance sheet date) for all temporary differences between the accounting and tax treatments of assets and liabilities of each Group entity noted at the balance sheet date.

Deferred tax assets arising from tax losses carried forward are recognised when it is probable that the Group will realise taxable profits in the financial years during which the unused tax losses can be offset.

Deferred tax assets arising from tax losses carried forward are recognised when it is probable that the Group will realise sufficient taxable profits in the next financial year to offset against the tax loss incurred.

Segment reporting

In light of criteria defined by IFRS 8 and given the Group's internal organisation (steering of activities by project, with projects generally comprising several products and involving the participation of several Group subsidiaries) and the structure of the market, the Group opted for a presentation similar to IAS 14, pursuant to IFRS 8, consisting of presenting information for the rail segment. In addition, it was deemed appropriate to retain an analysis by geographic region.

Segment reporting is presented in Note 23.

NOTE 4 CHANGES IN CONSOLIDATION SCOPE

Newly-created companies

Nil.

Acquisitions

ACQUISITION OF MINORITY INTERESTS

On 22 October 2014, a signed agreement was entered into allowing Faiveley Transport to acquire the 25% minority interests in NOWE GmbH, after the minority shareholders in that subsidiary exercised their put option. Faiveley Group's percentages of control and interest in NOWE GmbH increased to 100% following this acquisition. Since the purchase price of these minority interests (EUR 1,880 thousand) was equal to the value of the financial debt recognised for the put option, this transaction had no impact on Group equity.

SUMMARY OF ACQUISITIONS DURING THE LAST THREE FINANCIAL YEARS

Companies acquired	Main business	Acquisition date	% interest	Acquisition cost
2014/2015				
2013/2014				
Schwab Verkehrstechnik AG	Design and manufacture of couplers and buffers	17 May 2013	100%	CHF 37,000 thousand
2012/2013				
Nil				

Disposals and companies no longer consolidated

Faiveley Transport Acquisition AB (the "Merged Entity" hereafter) has been merged into Faiveley Transport Malmö AB (the "Merging Entity" hereafter) with retrospective effect from 1 April 2014. Since the Merged Entity was held by the Merging Entity prior to the merger, the shares in the Merging Entity were transferred to the former shareholders of the Merged Entity following this reverse merger. This transaction had no impact on either the consolidated income statement or consolidated equity.

Movements in goodwill during the allocation period

Nil.

NOTE 5 GOODWILL

Goodwill mainly arose from the acquisition of subsidiaries and the purchase of minority interests in Faiveley SA by the holding company Faiveley Transport in 2008; these two companies have since merged into the current Faiveley Transport parent company.

This goodwill was measured in accordance with the partial goodwill method.

Faiveley Group Management monitors its business performance by entity or group of entities, which generally correspond to a major area of specialisation. Goodwill has been allocated to the companies or groups acquired, except for goodwill arising from the purchase of minority interests which is monitored as a whole at Group level.

The following tables provide details of opening and closing goodwill balances for the reported periods, their change during the period and their allocation to the various companies or groups of companies corresponding to the cash generating units or groups of cash generating units used by Faiveley Transport for in-house monitoring:

The following table provides details of goodwill as at 31 March 2015:

	Gross	Accumulated impairment	Net 31 March 2015	Net 31 March 2014(1)
Faiveley Transport minority interests	265,778	-	265,778	265,778
Sab Wabco Group (brakes and couplers)	234,004		234,004	234,004
Graham-White Manufacturing Co. (compressed air drying and brake components)	91,295	-	91,295	71,239
Amsted Rail-Faiveley LLC/Faiveley Transport North America Inc. (brake components)	41,878	-	41,878	32,678
Faiveley Transport NSF (air conditioning)	10,057	-	10,057	10,057
Faiveley Transport Nowe GmbH (sanding systems)	3,273	-	3,273	3,298
Faiveley Transport Tours(2)	6,061	-	6,061	6,061
Faiveley Transport Schweiz AG (formerly Urs Dolder AG) (heating)	2,781	-	2,781	2,386
Faiveley Transport Gennevilliers (sintered brakes)	13,470	-	13,470	13,470
Schwab Verkehrstechnik AG	25,670	-	25,670	22,027
Other	2,845	-	2,845	2,841
TOTAL	**697,112**	-	**697,112**	**663,838**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Goodwill recognised following the purchase of Espas Group.

2014/2015 CHANGE

	Gross 31 March 2014(1)	Adjustments to opening goodwill	Acquisitions	Disposals	Impairment test	Other movements	Gross 31 March 2015
Faiveley Transport minority interests	265,778	-	-	-	-	-	265,778
Sab Wabco Group (brakes and couplers)	234,004	-	-	-	-	-	234,004
Graham-White Manufacturing Co. (compressed air drying and brake components)	71,239	-	-	-	-	20,056(2)	91,295
Amsted Rail-Faiveley LLC/Faiveley Transport North America Inc. (brake components)	32,678	-	-	-	-	9,200(2)	41,878
Faiveley Transport NSF (air conditioning)	10,057	-	-	-	-	-	10,057
Faiveley Transport Nowe GmbH (sanding systems)	3,298	-	-	-	-	(25)(3)	3,273
Faiveley Transport Tours	6,061	-	-	-	-	-	6,061
Faiveley Transport Schweiz AG (formerly Urs Dolder AG) (heating)	2,386	-	-	-	-	395(4)	2,781
Faiveley Transport Gennevilliers (sintered brakes)	13,470	-	-	-	-	-	13,470
Schwab Verkehrstechnik AG	22,027	-				3,644(4)	25,670
Other	2,841	-	-	-	-	4	2,845
TOTAL	**663,838**	**-**	**-**	**-**	**-**	**33,274**	**697,112**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) These movements are due to the translation difference on goodwill recognised in US Dollars: Graham-White Manufacturing Co. (USD 98,224 thousand) and Amsted Rail-Faiveley LLC/Faiveley Transport North America Inc. (USD 45,057 thousand).
(3) Adjustment to the goodwill of Faiveley Transport Nowe GmbH following the discounting of the put option on shares held by minority interests.
(4) These movements are due to the translation difference on goodwill recognised in CHF: Faiveley Transport Schweiz AG (CHF 2,910 thousand) and Schwab Verkehrstechnik AG (CHF 26,859 thousand).

2013/2014 CHANGE

	Gross 31 March 2014[1]	Adjustments to opening goodwill	Acquisitions	Disposals	Impairment test	Other movements	Gross 31 March 2015
Faiveley Transport minority interests	265,778	-	-	-	-	-	265,778
Sab Wabco Group (brakes and couplers)	234,004	-	-	-	-	-	234,004
Graham-White Manufacturing Co. (compressed air drying and brake components)	76,708	-	-	-	-	(5,469)[1]	71,239
Amsted Rail-Faiveley LLC/Faiveley Transport North America Inc. (brake components)	35,187	-	-	-	-	(2,509)[1]	32,678
Faiveley Transport NSF (air conditioning)	10,057	-	-	-	-	-	10,057
Faiveley Transport Nowe GmbH (sanding systems)	4,763	-	-	-	-	(1,465)[2]	3,298
Faiveley Transport Tours	6,061	-	-	-	-	-	6,061
Faiveley Transport Schweiz AG (formerly Urs Dolder AG) (heating)	2,264	-	-	-	-	122	2,386
Faiveley Transport Gennevilliers (sintered brakes)	13,470	-	-	-	-	-	13,470
Schwab Verkehrstechnik AG	-	-	21,567	-	-	460	22,027
Other	2,943	-	-	-	-	-	2,943
TOTAL	**651,235**	**-**	**21,567**	**-**	**-**	**(8,861)**	**663,941**

(1) These movements are due to the translation difference on goodwill recognised in US Dollars: Graham-White Manufacturing Co. (USD 98,224 thousand) and Amsted Rail-Faiveley LLC/Faiveley Transport North America Inc. (USD 45,057 thousand).

(2) Adjustment to the goodwill of Faiveley Transport Nowe GmbH following the discounting of the put option on shares held by minority interests.

At least once a year, at year-end, the Group carries out an impairment test on groups of cash generating units to which goodwill has been allocated. This test involves comparing their book value and their recoverable amount. Should the recoverable amount fall below the book value, impairment is recognised for the difference. No impairment was recognised in the current period nor in the previous period.

The recoverable amount of all groups of cash generating units to which goodwill has been allocated was determined based on their estimated value in use.

The value in use is measured based on future cash flow forecasts approved by Management and covering a period of 3 years. This period includes the budget prepared for the year that follows the year for which financial statements have been prepared and the following two years for the business plan. The Group benefits from very high visibility regarding future business activity. Its order book at 31 March 2015 equates to 29 months of sales for Original Equipment and about 10 months for Services.

In determining the value in use, cash flows are determined based on standard WCRs, not taking account of potential restructuring and capital expenditures that may improve asset performance.

Future cash flow forecasts estimated beyond the three-year period are extrapolated using a growth rate corresponding to the expected growth rates of the markets in which the Group operates, *i.e.*:

- 2.5% for the two years that follow the last year of the plan;
- 1.5% for the following years and to infinity.

Future cash flows are discounted using the Weighted Average Cost of Capital (WACC) as discount rate. This rate differs depending on the geographic location of the groups of CGUs:

	France	United States	Other countries
Discount rate before tax	11.7%	12.7%	13.1%

The discount rate is determined based on the following market data:

Market data	France	United States	Other countries
Risk-free rate on 10-year French government bonds	1.5%	2.5%	2.8%
Beta of sector	1.22	1.22	1.22
Market risk premium	7%	7%	7%

In addition to market data, Company parameters taken into account in the calculation of the discount rate include:

- estimated cost of debt: 1.5%. This rate includes, proportionally to the weighting of variable rate debt in total debt, an average spread of 0.85% and a swap rate of 0.23%;
- equity/debt ratio at the balance sheet date.

Given the Group's business model, the key assumptions that make it possible to determine the recoverable amount are the growth rate and the discount rate. The Group considers that no reasonably likely change in key assumptions could lead the recoverable amount to fall below the book value. Sensitivity tests have been carried out on the two most significant goodwill items:

- for the Faiveley Transport CGU minority shareholders, the recoverable amount is estimated at EUR 1,048 million, with a net book value of EUR 824 million.

  An increase or a decrease of 1% in the 1.5% growth rate to infinity would have a positive impact of 6.2% and negative impact of 5.2% on the recoverable amount. Therefore, the recoverable amount would be EUR 1,114 million and EUR 993 million respectively. An increase or a decrease of 1% in the 12.5% discount rate would have a negative impact of 7.2% and a positive impact of 8.9% on the recoverable amount. Therefore, the recoverable amount would be EUR 973 million and EUR 1,141 million respectively;
- for the Sab Wabco Group of CGUs, the recoverable amount has been estimated at EUR 584 million, for a net book value of EUR 265 million.

  An increase or a decrease of 1% in the 1.5% growth rate to infinity would have a positive impact of 5.8% and negative impact of 4.9% on the recoverable amount. Therefore, the recoverable amount would be EUR 618 million and EUR 555 million respectively.

  An increase and a decrease of 1% in the 12.5% discount rate would have a negative impact of 7.3% and a positive impact of 9% on the recoverable amount. Therefore, the recoverable amount would be EUR 541 million and EUR 636 million.

NOTE 6 INTANGIBLE ASSETS

	Gross	Amortisation charges	Net 31 March 2015	Net 31 March 2014[(1)]
Development costs	24,475	10,574	13,901	11,271
Patents, trademarks and licences	30,707	23,992	6,716	4,686
Business goodwill	15	-	15	15
Other intangible assets	40,242	2,560	37,682	34,529
TOTAL	**95,439**	**37,126**	**58,314**	**50,501**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

At 31 March 2015, intangible assets were broken down as follows:

- development costs: they include development costs incurred as part of technical innovation projects that comply with the IAS 38 capitalisation criteria. These costs are amortised over a period of 3 years;
- patents, trademarks and licences: this heading primarily includes patents acquired as part of the acquisition of Carbone Lorraine's sintered brake business (EUR 4,000 thousand) and computer software amortised over a maximum of 10 years;
- other intangible assets primarily include:
  - intangible assets identified and measured (in particular, sales agency agreements) as part of the creation of the Amsted Rail-Faiveley LLC joint venture, for a gross amount of EUR 10.7 million (USD 11.5 million),
  - the value of the customer portfolio contributed by the acquisition of Graham-White Manufacturing Co. for EUR 3.1 million (USD 3.3 million),
  - the value of the customer portfolio contributed by the acquisition of Schwab, for a gross amount of EUR 5.9 million (CHF 6.2 million) and expertise of EUR 0.9 million (CHF 0.9 million),
  - costs incurred of EUR 18.7 million corresponding to the implementation of a major IT system integration programme, whose objective is to optimise organisations, processes, tools and the sharing of technical data within the Faiveley Transport Group.

2014/2015 CHANGE

	Development costs	Patents, trademarks and licences	Business goodwill	Other intangible assets	Total
Gross 31 March 2014(1)	**19,034**	**25,918**	**15**	**35,874**	**80,841**
Changes in consolidation scope	-	-	-	-	-
Acquisitions	5,168(2)	919	-	3,359	9,446
Disposals	-	(26)	-	(0)	(26)
Other movements	273	3,897	(0)	1,010	5,179
GROSS 31 MARCH 2015	**24,475**	**30,708**	**15**	**40,242**	**95,440**
Accumulated amortisation at 1 April 2014(1)	**(7,763)**	**(21,232)**	**-**	**(1,345)**	**(30,340)**
Changes in consolidation scope	-	-	-	-	-
Charges to provision	(2,757)	(2,273)	-	(794)	(5,823)
Reversal of provision	-	25	-	-	25
Other movements	(54)	(512)	-	(421)	(988)
ACCUMULATED AMORTISATION AT 31 MARCH 2015	**(10,574)**	**(23,992)**	**-**	**(2,560)**	**(37,126)**
NET AMOUNTS	**13,901**	**6,716**	**15**	**37,682**	**58,314**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Development costs capitalised over the period.

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

	Gross	Depreciation charges	Net 31 March 2015	Net 31 March 2014(1)
Land	5,920	250	5,670	5,767
Buildings	77,760	58,585	19,175	22,524
Plant and machinery	167,906	135,843	32,063	30,087
Other PPE	43,260	35,133	8,127	7,201
Under construction	5,568	-	5,568	2,428
TOTAL	**300,414**	**229,811**	**70,603**	**68,007**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

2014/2015 CHANGE

	Land	Buildings	Plant and machinery	Other property, plant and equipment	Under construction	Total
Gross 1 April 2014(1)	**6,011**	**81,142**	**157,311**	**39,742**	**2,428**	**286,634**
Changes in consolidation scope	-	-	-	-	-	-
Acquisitions	-	1,462	6,961	2,994	2,706	14,122
Disposals	-	(149)	(5,800)	(1,196)	-	(7,145)
Other movements	(91)	(4,695)(2)	9,434	1,719	434	6,802
GROSS 31 MARCH 2015	**5,920**	**77,760**	**167,906**	**43,259**	**5,568**	**300,414**
Accumulated depreciation at 1 April 2014(1)	**(244)**	**(58,618)**	**(127,224)**	**(32,541)**	**-**	**(218,627)**
Changes in consolidation scope	-	-	-	-	-	-
Charges to provision	(4)	(1,838)	(7,480)	(2,301)	-	(11,623)
Reversal of provision	-	71	5,729	1,131	-	6,930
Other movements	(2)	1,800(2)	(6,866)	(1,422)	-	(6,491)
ACCUMULATED DEPRECIATION AT 31 MARCH 2015	**(250)**	**(58,586)**	**(135,842)**	**(35,133)**	**-**	**(229,811)**
NET AMOUNTS	**5,671**	**19,175**	**32,065**	**8,126**	**5,568**	**70,603**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) A building of the Leipzig company was reclassified as an asset held for sale with a gross value of EUR 4,177 thousand and depreciation of EUR 3,530 thousand. A second building owned by Faiveley Transport North America Inc. was also reclassified as an asset held for sale with a gross value of EUR 5,241 thousand and depreciation of EUR 572 thousand.

The majority of Group sites are owned outright or through operating leases, except the property assets of Faiveley Transport Ibérica, which are leased-financed.

PROPERTY, PLANT AND EQUIPMENT ACQUIRED UNDER FINANCE LEASES

The following table provides an analysis of property, plant and equipment acquired under finance leases:

	Gross	Depreciation charges	Net 31 March 2015	Net 31 March 2014
Software licences	1,079	68	1,011	1,028
Land	-	-	-	-
Buildings	3,106	842	2,264	2,438
Plant and machinery	-	-	-	-
TOTAL	**4,185**	**910**	**3,275**	**3,466**

FINANCE LEASES

Finance lease contracts relate to the property assets of Faiveley Transport Ibérica and software licences. The future minimum lease payments on non-cancellable leases are shown in the table below:

	31 March 2015	31 March 2014
Less than 1 year	202	206
1 to 5 years	865	859
More than 5 years	233	462
TOTAL FUTURE LEASE PAYMENTS	**1,300**	**1,527**
Less financial interest	-	(46)
FINANCIAL LIABILITIES ATTACHED TO FINANCE LEASES	**1,300**	**1,481**

The value of these financial liabilities is less than the amounts listed under non-current assets since the repayment period of these liabilities is shorter than the depreciation period of the corresponding assets.

NOTE 8 INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES

Joint ventures are entities over which Faiveley Group exercises joint control.

ASSUMPTIONS AND JUDGMENT HAVING LED TO CLASSIFYING THESE ENTITIES AS EQUITY ACCOUNTED

A review of partnership agreements with these entities demonstrated that control and decision-making powers were distributed between the partners and Faiveley Transport Group, which led to their consolidation using the equity method. Until 31 March 2014, these entities were consolidated using the proportional consolidation method.

SUMMARY OF EQUITY INTERESTS IN JOINT VENTURES

	% control and interest	Gross	Provisions	31 March 2015 Net	31 March 2014[1] Net
• Qingdao Faiveley SRI Rail Brake Co. Ltd.	50,00%	15,057	-	15,057	7,583
• Datong Faiveley Railway Vehicle Equipment Co., Ltd.	50,00%	650	-	650	466
• Shijiazhuang Jiaxiang Precision Machinery Co. ("SJPM")	50,00%	6,110	-	6,110	4,288
TOTAL EQUITY INTERESTS IN EQUITY-ACCOUNTED JOINT VENTURES				**21,817**	**12,337**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

2014/2015 CHANGE IN THE EQUITY VALUE OF JOINT VENTURES

	31 March 2015	31 March 2014[1]
Net value of securities at beginning of the year	**12,337**	**12,571**
Share of profit of equity-accounted entities	6,551	4,368[3]
Dividends paid	(1,115)	(3,725)
Other movements[2]	4,044	(879)
Writedowns	-	-
NET VALUE OF SECURITIES AT YEAR-END	**21,817**	**12,337**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Translation adjustment of EUR 4,400 thousand for the period and elimination of intra-Group margins of EUR 356 thousand.
(3) Of which share of profit for the year to 31 March 2014: EUR 3,085 thousand for Qingdao, EUR 1,246 thousand for SJPM and EUR (22) thousand for Datong.

In light of the Group's major key indicators (consolidated net profit, net profit after share of profit of equity-accounted entities, equity - Group share and total assets), no equity interest in any equity-accounted joint venture is individually material.

RISKS ASSOCIATED WITH INTERESTS IN JOINT VENTURES

Commitments given by the Group in respect of its joint ventures and contingent liabilities incurred by its joint ventures are presented in Note 36 "Off-balance sheet commitments".

NOTE 9 OTHER NON-CURRENT FINANCIAL ASSETS

2014/2015 CHANGE

	Shareholdings in unconsolidated subsidiaries	Other financial investments	Total
Gross 31 March 2014(1)	**932**	**2,476**	**3,408**
Changes in consolidation scope	-	-	-
Acquisitions	-	236	236
Disposals	-	(50)	(50)
Other movements	-	411	411
GROSS 31 MARCH 2015	**932**	**3,074**	**4,006**
Accumulated writedowns at 1 April 2014(1)	**677**	**25**	**702**
Changes in consolidation scope	-	-	-
Charges to provision	-	-	-
Reversal of provision	-	-	-
Other movements	-	-	-
ACCUMULATED WRITEDOWNS AT 31 MARCH 2015	**677**	**25**	**702**
NET AMOUNTS	**255**	**3,049**	**3,304**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

MATURITY DATE OF OTHER FINANCIAL INVESTMENTS

	1 to 5 years	More than 5 years	Total 31 March 2015	Total 31 March 2014
Other non-current investments	156		156	128
Loans	495	458	953	914
Guaranteed deposits and securities	1,105	116	1,221	978
Other financial receivables	247	497	744	456
TOTAL	**2,003**	**1,071**	**3,074**	**2,476**

"FINANCIAL INFORMATION ON UNCONSOLIDATED SECURITIES"

		Net book value of securities				
(EUR thousands)	% interest	Gross	Impairment	Net	Equity	Net profit
Suecobras (Brazil)(1)	100	865	(666)	197	68	(21)
Sab Wabco Sharavan Ltd. (Iran)(2)	49	11	(11)	-	-	-
Sofaport (France)(1)	59,50	47	-	47	23	(1)
Faiveley Transport Service Maroc	100	8	-	8	8	65
Faiveley Transport South Africa(2)	100	-	-	-	-	-
TOTAL		**932**	**(677)**	**255**	**-**	**-**

(1) Companies undergoing liquidation.
(2) Dormant companies.

NOTE 10 DEFERRED TAX

	Amount at 1 April 2014[1]	Reclassifications	Impact on income statement	Currency conversions	Items of other comprehensive income	Amount at 31 March 2015
Provisions for inventory	2,237	(169)	733	214	-	3,015
Provisions for trade and other receivables	337	(28)	34	18	-	361
Provisions for contracts	13,175	(258)	(1,682)	729	-	11,964
Provisions for restructuring	119	-	(25)	-	-	94
Provisions for retirement benefits and seniority awards	5,695	144	615	229	2,883	9,566
Other provisions for liabilities	1,780	(1)	(1,201)	124	-	702
Percentage of completion method (IAS 11)	595	-	557	45	-	1,196
Elimination of inventory margins (intra-Group)	816	-	340	4	-	1,160
Restatements under IAS 32-39 (cash flow)	3,149	118	5,036	(64)	(364)	7,875
Leases	148	-	35	-	-	183
Property, plant and equipment and intangible assets	2,223	313	(305)	181	-	2,412
Current assets and liabilities	3,178	770	(687)	409	-	3,670
Translation differences	1,630	(166)	2,133	144	-	3,742
Tax losses carried forward	14,140	629	491	2,128	-	17,388
Tax losses carried forward but not recognised[2]	(4,197)	100	1,517	(340)	-	(2,920)
Other restatements	6,711	(1,452)	424	339	-	6,022
TOTAL DEFERRED TAX – ASSETS	**51,737**	**-**	**8,014 (a)**	**4,159**	**2,519**	**66,429**
Provisions for inventory	220	(145)	(82)	7	-	-
Provisions for trade and other receivables	56	(28)	(8)	4	-	23
Provisions for contracts	3,115	(199)	(2,917)	-	-	-
Provisions for retirement benefits and seniority awards	19	(19)	-	-	-	-
Other provisions and restatements	4,821	36	275	649	-	5,781
Regulated provisions	1,671	-	(11)	-	-	1,661
Percentage of completion method (IAS 11)	7,433	1,267	6,844	851	-	16,395
Capitalisation of development costs	3,850	(420)	716	4	-	4,149
Restatements under IAS 32-39 (cash flow)	2,061	133	4,279	67	-	6,541
Valuation difference	4,063	-	1,887	1,320	-	7,270
Property, plant and equipment and intangible assets	2,908	(216)	(261)	477	-	2,907
Current assets	478	(417)	(58)	2	-	6
Translation differences	2,602	8	2,816	2	-	5,427
Leases	733	-	(39)	-	-	694
TOTAL DEFERRED TAX – LIABILITIES	**34,030**	**-**	**13,441 (b)**	**3,382**	**-**	**50,854**
Impact on income statement (a)-(b)			**(5,427)**			

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Amount of deferred tax assets corresponding to tax losses not recognised due to the risk of non-recovery.

3

NOTE 11 INVENTORIES

	Gross	Provisions	Net 31 March 2015	Net 31 March 2014[(1)]
Raw materials	124,124	18,820	105,304	91,654
Work-in-progress	25,680	1,163	24,517	22,806
Finished products	33,076	4,886	28,190	26,981
Merchandise	10,670	1,016	9,654	4,920
TOTAL	**193,550**	**25,885**	**167,665**	**146,361**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

2014/2015 MOVEMENTS IN PROVISIONS

	Provisions at 31 March 2014[(1)]	Changes in consolidation scope	Charges to provision	Reversals provisions used	Reversals provisions unused	Other movements[(2)]	Provisions at 31 March 2015
Raw materials	14,882	-	5,214	(3,024)	(631)	2,379	18,820
Work-in-progress	2,326	-	342	(341)	(8)	(1,156)	1,163
Finished products	2,253	-	3,076	(854)	(44)	455	4,886
Merchandise	967	-	271	(191)	(52)	21	1,016
TOTAL	**20,428**	**-**	**8,903**	**(4,411)**	**(735)**	**1,699**	**25,885**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Translation adjustment for the period and reclassifications.

During the 2014/2015 financial year, old inventories and inventories that had become totally obsolete were scrapped. Provisions of 84% of the value of these inventories had previously been raised. The impact on the income statement for the period was a loss of EUR 0.7 million.

NOTE 12 WORK-IN-PROGRESS ON PROJECTS

At 31 March 2015, net work-in-progress on projects was valued at EUR 121.7 million, compared with EUR 112.5 million in the previous year as restated. This primarily includes engineering costs on long-term contracts. At each balance sheet date, the Group assesses its recoverable amount. In the event of a loss-making contract, writedown is recognised as a reduction of contracts in progress.

Gross work-in-progress on projects was EUR 139.9 million at 31 March 2015, compared with EUR 126.4 million at 31 March 2014 (restated amount).

Provisions for losses on completion, presented as a reduction of work-in-progress on projects, totalled EUR 18.2 million at 31 March 2015 as against EUR 13.9 million at 31 March 2014 as restated.

NOTE 13 CURRENT RECEIVABLES

Trade receivables

	Gross	Provisions	Net 31 March 2015	Net 31 March 2014[(1)]
Trade receivables	326,498	4,652	321,846	275,098
Assignment of receivables (*factoring* and ad hoc assignments)	(97,716)	-	(97,716)	(80,524)
TOTAL	**228,782**	**4,652**	**224,130**	**194,574**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

MOVEMENTS IN PROVISIONS FOR DOUBTFUL TRADE RECEIVABLES

Financial years ended:	Opening balance of provision	Restatements IFRS 10, 11	Changes in consolidation scope	Charges to provision	Reversals provisions used	Reversals provisions unused	Other movements	Closing balance of provision
31 MARCH 2015	**4,496**	**-**	**-**	**1,813**	**(1,432)**	**(601)**	**377**	**4,652**
31 March 2014[(1)]	4,982	(16)	51	1,768	(1,228)	(979)	(82)	4,496

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

TRADE RECEIVABLES AT YEAR-END

	Total balance sheet	Receivables not yet due	Total due	Receivables due			
				Less than 60 days	Between 60 and 120 days	Between 120 and 240 days	More than 240 days
Gross value	228,782	183,515	45,267	26,069	7,924	4,994	6,280
Writedowns	(4,652)	(1,641)	(3,011)	-	(214)	(165)	(2,632)
NET VALUE	**224,130**	**181,874**	**42,256**	**26,069**	**7,710**	**4,829**	**3,648**

Receivables remaining unpaid beyond the contractual due date represent, in most cases, amounts confirmed by customers but in respect of which payment is subject to the retentions identified when work was inspected.

Other current assets

	Gross	Provisions	Net 31 March 2015	Net 31 March 2014(1)
Suppliers - accrued credit notes	373	-	373	946
Social security and tax receivables	13,113	-	13,113	15,906
Prepaid expenses	5,605	-	5,605	6,323
Accrued income	1,733	-	1,733	476
Other receivables	4,003	109	3,894	9,158
TOTAL	**24,827**	**109**	**24,718**	**32,809**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

3

NOTE 14 CURRENT FINANCIAL ASSETS

	31 March 2015	31 March 2014
Guaranteed deposits and securities(1)	5,854	3,901
Other financial receivables	65	268
Current accounts	923	758
Fair value of derivatives – assets	36,006	2,979
TOTAL	**42,849**	**7,906**

(1) Under one of the factoring programs, in order to guarantee the repayment of amounts for which the Group may become liable, a non-interest bearing escrow account was created representing 10% of transferred receivables outstanding. This rate may potentially be adjusted in the event of an increase in disallowed receivables (credit notes, disputes, non-payment or discounts). The outstanding guarantees at 31 March 2015 were EUR 5,575 thousand compared with EUR 3,722 thousand at 31 March 2014.

NOTE 15 CASH AND CASH EQUIVALENTS

	31 March 2015	31 March 2014(1)
Short-term investments	14,824	69,795
Cash	222,021	169,419
Bank overdrafts	(1,396)	(1,042)
Invoices factored and not guaranteed	(777)	(237)
TOTAL	**234,672**	**237,935**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The Group does not hold a share portfolio but deposits excess cash balances. At 31 March 2015, it had money market funds and certificates of deposits of EUR 1.8 million and fixed-term deposits of EUR 13.0 million. These deposits meet the criteria specified by IAS 7, which enables them to be classified as cash equivalents.

NOTE 16 GROUP EQUITY

Share capital

At 31 March 2015, the Company's share capital totalled EUR 14,614,152 divided into 14,614,152 shares of EUR 1 each, fully paid up. Shares registered in the name of the same shareholder for at least two years have double voting rights.

The Group manages its capital by ensuring that it maintains financial ratios within the limits defined by its credit agreements (see Note 19).

COMPOSITION OF THE SHARE CAPITAL

Shares	Par value	31 March 2014	New shares issued	Voting rights granted	31 March 2015
Ordinary	1	6,682,517	-	210,635	6,893,152
Redeemed	-	-	-	-	-
With preferred dividends	-	-	-	-	-
With double voting rights	1	7,931,635	-	(210,635)	7,721,000
TOTAL	**1**	**14,614,152**	**-**	**-**	**14,614,152**

TREASURY SHARES

At 31 March 2015, Faiveley Transport held 233,874 treasury shares, including 10,255 through its liquidity contract.

TRANSLATION DIFFERENCES

Translation differences comprise mainly the gains and losses resulting from the translation of the equity of subsidiaries whose functional currency is other than the Euro.

The translation differences presented in the consolidated statement of comprehensive income primarily reflect the movement in the US dollar (EUR 15.4 million) and the Chinese Yuan (EUR 7.5 million) against the Euro over the financial year ended 31 March 2015.

RESERVES AND NET PROFIT

	31 March 2015	31 March 2014
Legal reserve	1,461	1,461
Distributable reserves	-	(1,886)
Reserves for derivative instruments	(271)	(963)
Other reserves	435,439	406,910
Net profit – Group share	55,645	50,110
TOTAL RESERVES AND NET PROFIT - GROUP SHARE	**492,274**	**455,632**

Share-based payments

SHARE PURCHASE OR SUBSCRIPTION OPTION PLANS

Plan features

Allocation	Share purchase option plan		Share subscription option plan
Date of Management Board meeting	19/02/2008	16/07/2008	23/11/2009
Exercise price in EUR(1)	32.31	40.78	54.91
Date from which options can be exercised	19/02/2010	16/07/2010	22/11/2013
Expiry date	18/02/2015	16/07/2015	22/11/2017
Number of options remaining to be exercised at 31 March 2014	**5,960**	**22,600**	**116,000**
Options granted during the period	-	-	-
Options cancelled during the period	-	-	-
Options exercised during the period	(5,960)	(14,153)	-
Number of options remaining to be exercised at 31 March 2015	**-**	**8,447**	**116,000**

(1) *The exercise price is equal to the average price of the 20 trading days preceding the date of the Management Board meeting at which it was decided to grant the options, less a discount of 5%.*

Summary and valuation of plans

Allocation	Share purchase option plan		Share subscription option plan
Date of Management Board meeting	**19/02/2008**	**16/07/2008**	**23/11/2009**
Initial fair value of the plan *(EUR millions)*	**-**	**-**	**2.8**
Charge for the financial year *(EUR millions)*	-	-	-

FREE PERFORMANCE-BASED SHARE ALLOCATION PLANS AND FREE SHARE PLANS

Free performance-based share allocation plan of 2 July 2014

On 2 July 2014, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2013. This involves allocating a total of 135,106 shares, *i.e.* approximately 0.92% of the share capital, to 226 beneficiaries.

These allocations are subject to the beneficiaries remaining employed by the Group and to performance criteria applicable over a two-year period. For reasons of confidentiality, the levels expected in relation to performance criteria are not disclosed, but are based on:

- a cumulative profit from recurring operations target for the 2014/2015 and 2015/2016 financial years;
- a cumulative cash flow generation target set for the 2014/2015 and 2015/2016 financial years;
- a target for the rollout of the Faiveley Worldwide Excellence (FWE) programme.

If the performance criteria are completely fulfilled or are exceeded, the beneficiaries will receive the full number of shares that have been allocated to them.

If the performance criteria are partially fulfilled but exceed a minimum threshold, the beneficiaries will receive a percentage of the number of shares that have been allocated to them, prorated on the percentage of achievement of the targets set. If the minimum threshold is not reached, no shares will be allocated.

Free performance-based share allocation plan of 25 November 2014

On 25 November 2014, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2014. This involves allocating a total of 1,000 shares to a single beneficiary. This allocation is subject to the beneficiary remaining employed by the Group and to performance conditions identical to those of the free performance-based share allocation plan of 2 July 2014 (see § above).

Free performance-based share allocation plan of 27 March 2015

On 27 March 2015, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2014. This involves allocating a total of 4,000 shares to two beneficiaries. This allocation is subject to the beneficiary remaining employed by the Group and to performance conditions identical to those of the free performance-based share allocation plan of 2 July 2014 (see § above).

Plan features

Allocation	Free performance-based shares				Free shares	
Date of authorisation by the AGM	14/09/2012	12/09/2013	12/09/2014	12/09/2014	14/09/2011	14/09/2012
Date of Management Board meeting	24/10/2012	02/07/2014	25/11/2014	27/03/2015	05/03/2012	15/01/2013
Date ownership of free shares transferred to French tax residents	24/10/2014	02/07/2016	n/a	27/03/2017	05/03/2014	15/01/2015
Date ownership of free shares transferred to non-French tax residents	n/a	02/07/2018	25/11/2018	27/03/2019	05/03/2016	15/01/2017
Vesting date of free shares	24/10/2016	02/07/2018	25/11/2018	27/03/2019	05/03/2016	15/01/2017
Total number of shares allocated at 31 March 2014	**7,500**	**-**	**-**	**-**	**27,014**(1)	**68,142**
Number of shares allocated during the period	-	135,106	1,000	4,000	-	-
Number of shares cancelled during the period	(4,624)	(2,700)	(1,000)		(1,972)	(2,848)
Total number of shares vested during the period under this plan	(2,876)	-	-	-	-	(34,654)
Total number of shares allocated at 31 March 2015	**-**	**132,406**	**-**	**4,000**	**25,042**	**30,640**
Terms and conditions of share allocation under the plan	Determination of % of shares vested at 24/10/2014	Determination of % of shares vested at 02/07/2016	Determination of % of shares vested at 25/11/2016	Determination of % of shares vested at 27/03/2017	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought

(1) The amount published at 31 March 2014 corresponded to the total number of shares lapsed since inception, instead of consisting solely of the number of shares lapsed during the 2013-2014 financial year. (No significant impact on the valuation of the 05/03/2012 plan published at 31 March 2014).

Plan valuation

Allocation	Free performance-based shares				Free shares	
Date of Management Board meeting	**24/10/2012**	**02/07/2014**	**25/11/2014**	**27/03/2015**	**05/03/2012**	**15/01/2013**
Initial fair value of the plan *(EUR millions)*	**0.2**	**2.9**	**-**	**0.1**	**2.3**	**1.8**
Charge for the financial year *(EUR millions)*	-	1.3	-	-	-	0.9

NOTE 17 MINORITY INTERESTS

Summary of minority interests included in equity

	31 March 2015	31 March 2014
Shanghai Faiveley Railway Technology	9,972	12,619
Amsted Rail - Faiveley LLC	20,987	14,169
Other minority interests	757	865
TOTAL	**31,716**	**27,653**

In light of the Group's major key indicators (consolidated net profit, net profit after share of profit of equity-accounted entities, equity - Group share and total assets), no minority interest is individually material.

NOTE 18 ANALYSIS OF PROVISIONS

Non-current provisions

	Amount at 1 April 2014	Changes in consolidation scope	Charges to provision	Reversals used	Items of other comprehensive income	Reversals unused	Other movements[1]	Amount at 31 March 2015
Provisions for retirement commitments and employee benefits	36,538	-	2,467	(2,134)	10,313	(2,515)	1,140	45,809
Provisions for charges	1,697	-	1,354	(587)	-	(500)	311	2,275
TOTAL	**38,235**	**-**	**3,822**	**(2,721)**	**10,313**	**(3,015)**	**1,451**	**48,084**

(1) Including exchange differences of EUR 1,572 thousand.

Actuarial losses generated over the financial year result from changes in the actuarial assumptions used in the valuation of commitments, differences between market conditions actually observed and those originally assumed, as well as experience. These actuarial gains are recognised under items of other comprehensive income and are net of tax.

Provisions for retirement commitments and employee benefits

SUMMARY OF PROVISIONS

The provisions as at 31 March 2015, of those countries with the most significant commitments are shown in the following table:

	31 March 2015					31 March 2014
(EUR millions)	France	Germany	United Kingdom	Other countries	Total	Total
Post-employment benefits	12.2	17.8	7.8	5.5	43.3	34.4
Provisions for other long-term benefits	0.5	1.0	-	1.0	2.5	2.1
TOTAL	**12.7**	**18.7**	**7.8**	**6.6**	**45.8**	**36.5**

INFORMATION REGARDING THE ACTUARIAL LIABILITY:

Movements in actuarial liability by geographic region

	31 March 2015					31 March 2014
	France	Germany	United Kingdom	Other countries	Total	Total
Actuarial liability at beginning of period	9.3	15.1	54.9	10.6	89.8	82.3
Cost of services provided	0.6	0.0	0.1	0.3	1.0	0.9
Interest on actuarial liability	0.3	0.4	2.4	0.3	3.4	3.1
Employee contributions	-	-	-	0.1	0.2	0.1
Benefits paid	(0.5)	(1.0)	(2.0)	(0.3)	(3.8)	(4.4)
Settlement of liability	-	-	-	-	-	-
Scheme amendments	-	-	-	-	-	-
Acquisitions/Transfers/Companies joining the Group	-	-	-	-	-	6.7
Actuarial (gains)/losses	2.5	3.2	7.6	1.7	15.0	(0.1)
of which experience gains/(losses)	*(0.1)*	*(0.3)*	*-*	*0.2*	*(0.3)*	*0.3*
Exchange differences	-	-	8.3	1.5	9.8	1.2
Other	-	-	-	-	-	-
ACTUARIAL LIABILITY AT END OF PERIOD	**12.2**	**17.7**	**71.3**	**14.2**	**115.4**	**89.8**
of which:						
Funded schemes	*-*	*-*	*71.3*	*10.8*	*82.1*	*62.2*
Unfunded schemes	*12.2*	*17.7*	*-*	*3.3*	*33.3*	*27.5*

Movements in plan assets by geographic region

	31 March 2015					31 March 2014
	France	Germany	United Kingdom	Other countries	Total	Total
Fair value of assets at beginning of period	-	-	49.2	6.3	55.5	48.4
Employer contributions	-	-	2.5	0.2	2.7	1.8
Employee contributions	-	-	-	0.1	0.1	0.1
Benefits paid	-	-	(2.0)	(0.1)	(2.1)	(2.7)
Settlement of liability	-	-	-	-	-	-
Expected financial income	-	-	2.2	0.2	2.4	2.2
Actuarial gains/(losses)	-	-	4.2	0.6	4.7	(0.9)
of which experience gains/(losses)	*-*	*-*	*4.2*	*0.6*	*4.7*	*(0.4)*
Acquisitions/Transfers/Companies joining the Group	-	-	-	-	-	5.8
Exchange differences	-	-	7.6	1.3	8.9	0.9
FAIR VALUE OF ASSETS AT END OF PERIOD	**-**	**-**	**63.6**	**8.6**	**72.2**	**55.5**

The actual return on investments was EUR 7.1 million in the year to 31 March 2015 (compared with EUR 1.2 million to end March 2014). The implicit return on investments is estimated at EUR 2.2 million in 2015.

Provision for retirement commitments

	31 March 2015					31 March 2014
	France	Germany	United Kingdom	Other countries	Total	Total
Actuarial liability	12.2	17.7	71.3	14.2	115.5	89.8
Fair value of plan assets	-	-	63.6	8.6	72.2	55.5
Financial cover	12.2	17.7	7.7	5.6	43.2	34.3
Impact of capping of assets	-	-	0.1	-	0.1	0.1
NET PROVISION	**12.2**	**17.7**	**7.8**	**5.6**	**43.3**	**34.4**
of which provisions for commitments	*12.2*	*17.7*	*7.8*	*5.6*	*43.3*	*34.4*
of which surplus plan assets	*-*	*-*	*0.1*	*-*	*0.1*	*0.1*

Past data relating to financial cover and actuarial experience differences for the current and the previous four financial years

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	Total	Total	Total	Total	Total
Present value of the commitment	115.4	89.8	82.3	77.9	70.3
Fair value of plan assets	72.2	55.5	48.4	44.7	39.8
FUNDING SHORTFALL	**43.1**	**34.3**	**33.9**	**33.2**	**30.5**
Experience gains/(losses) in relation to liabilities	*(0.3)*	*(0.3)*	*2.5*	*(0.1)*	*1.8*
Experience gains/(losses) in relation to assets	*4.7*	*(0.9)*	*3.8*	*0.5*	*(0.1)*
Experience gains/(losses) in relation to liabilities, as % of commitment	*0%*	*0%*	*3%*	*0%*	*3%*
Experience gains/(losses) in relation to assets, as % of plan assets	*7%*	*-2%*	*8%*	*1%*	*0%*

INCOME STATEMENT ITEMS

Breakdown of net pension cost

	31 March 2015					31 March 2014
	France	Germany	United Kingdom	Other countries	Total	Total
Cost of services provided	0.6	0.0	0.1	0.3	1.0	0.9
Interest on actuarial liability	0.3	0.4	2.4	0.3	3.4	3.1
Financial income	-	-	(2.2)	(0.2)	(2.4)	(2.1)
Reduction/liquidation/transfer of the plan	-	-	-	-	-	-
Impact of capping of assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
NET CHARGE	**0.9**	**0.4**	**0.3**	**0.3**	**2.0**	**1.9**

In addition, charges for the year in respect of defined contribution schemes totalled EUR 23.9 million, compared with EUR 22.3 million for the year to 31 March 2014.

Actuarial assumptions

The actuarial assumptions used to measure commitments take into account the demographic and financial conditions specific to each country or Group company.

Discount rates are determined by reference to the yields on AAA bonds with similar durations to those of the commitments as at the measurement date (Bloomberg Corporate AA 15 years for France and Germany and Iboxx 15+ for the UK).

The assumptions used for those countries with the most significant commitments are shown in the following table:

	31 March 2015			31 March 2014		
	France	Germany	United Kingdom	France	Germany	United Kingdom
Discount rate	1.30%	1.30%	3.20%	2.85%	2.85%	4.30%
Inflation rate	2.00%	2.00%	2.95%	2.00%	2.00%	3.30%
Average salary increase rate	2.50%	2.22%	3.30%	2.50%	2.22%	3.65%

The sensitivity of commitments at 31/03/2015 and the cost of services rendered for the next year to a 25 basis point change in the discount rate are summarised as follows:

(EUR millions)	0.25% increase in discount rate	0.25% decrease in discount rate
Effect on the value of commitments	(4.4)	4.7
Effect on the cost of services provided	(0.1)	0.1

The sensitivity of commitments at 31 March 2014 and the cost of services rendered for the next year to a 25 basis point change in the salary increase rate are summarised as follows:

(EUR millions)	0.25% increase in salary rate	0.25% decrease in salary rate
Effect on the value of commitments	0.5	(0.5)
Effect on the cost of services provided	0.1	(0.1)

Currently the investment portfolio contains no Group securities.

The structure of the investment portfolio is as follows:

	31 March 2015	31 March 2014
Shares	9.4%	10.1%
Bonds	43.7%	42.3%
Other assets	46.9%	47.6%
TOTAL	**100.0%**	**100.0%**

Plan assets are primarily comprised of financial assets which are actively traded on organised financial markets.

Current provisions

	Amount at 1 April 2014(1)	Changes in consolidation scope	Charges to provision	Reversals provisions used	Reversals provisions unused	Items of other comprehensive income	Other movements	Amount at 31 March 2015
Provisions for risks, warranties and penalties	86,083	-	50,496	(32,533)	(12,550)	-	4,604	96,100
Provisions for losses on completion	2,715	-	-	-	-	-	(310)	2,405
TOTAL CONTRACT PROVISIONS	**88,798**	**-**	**50,496**	**(32,533)**	**(12,550)**	**-**	**4,294**	**98,505**
Provisions for restructuring	407	-	397	(408)	(10)	-	-	386
Provisions for other risks	5,168	-	1,014	(310)	(3,382)	-	429	2,919
TOTAL OTHER PROVISIONS	**5,575**	**-**	**1,412**	**(718)**	**(3,392)**	**-**	**429**	**3,305**
TOTAL	**94,373**	**-**	**51,908**	**(33,251)**	**(15,942)**	**-**	**4,723(2)**	**101,810**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Including exchange differences of EUR 5,005 thousand and reclassifications of EUR (309) thousand.

Current provisions primarily relate to provisions for risks, guarantees and after-sales service granted to our customers and litigations and claims on completed contracts. The methods underlying the recognition of these provisions are specified in Note 3 – "Provisions for liabilities and charges".

Provisions for losses on completion are shown here for the amount not allocated as a reduction of work-in-progress on projects.

Provisions for losses on completion, presented as a reduction of work-in-progress on projects, totalled EUR 18.2 million at 31 March 2015 as against EUR 13.9 million at 31 March 2014 as restated.

NOTE 19 BORROWINGS AND FINANCIAL DEBT

In respect of all its sources of financing and following the renegotiation of the syndicated loan, Faiveley Transport Group must now comply with the following four financial conditions:

- leverage ratio "Consolidated Net Debt/Consolidated EBITDA", which must be less than 3;
- gearing ratio "Consolidated Net Debt/Equity", which must be less than 1.5;
- total bank guarantees, which must be less than 22% of the order book;
- "Consolidated EBITDA/Cost of Consolidated Net Financial Debt", which must exceed 3.5.

Non-compliance with one of these covenants may result in the debt becoming immediately repayable.

The calculation of banking ratios for the "USPP" and "Schuldschein" loans is based on accounting standards applicable at the balance sheet date. The calculation of banking ratios for the Syndicated Credit is based on accounting standards applicable at the date the contract was signed.

At 31 Mars 2015, ratios were as follows for the various sources of financing:

At 31 March 2015	Banque Postale loan	Syndicated credit	US private placement	Schuldschein loan
"Consolidated Net Debt/Consolidated EBITDA" ratio	1.59	1.49	1.68	1.58
"Net Financial Debt/Consolidated Equity" ratio	0.26	n/a	0.28	0.26
Bank guarantees/order book	12.4%	n/a	n/a	n/a
"Consolidated EBITDA/Cost of Consolidated Net Financial Debt" ratio	10.02	10.65	10.05	10.05

Analysis and maturity of non-current and current financial debt

	31 March 2015				
	Current portion	Non-current portion			
	Under 1 year	1 to 5 years	Over 5 years	Total	31 March 2014
Borrowings	32,063	242,682	152,723	427,468	444,558
Leases	196	874	231	1,301	1,477
Employee profit sharing	65	-	-	65	65
Various other financial debt	6	-	-	6	1
Guarantees and deposits received	56	-	-	56	87
Credit current accounts	96	-	-	96	92
Bank overdrafts	1,396	-	-	1,396	1,042
Short-term facilities (credit balance)	-	-	-	-	-
Invoices factored and not guaranteed	777	-	-	777	237
TOTAL EXCLUDING FAIR VALUE OF DERIVATIVES	**34,655**	**243,556**	**152,954**	**431,165**	**447,559**
Fair value of derivatives – liabilities	19,975	-	-	19,975	11,322
TOTAL	**54,630**	**243,556**	**152,954**	**451,140**	**458,881**

Breakdown of non-current and current financial debt by currency

	Total 31 March 2015	Total 31 March 2014
Euro	380,831	380,722
US Dollar	69,550	76,382
Hong Kong Dollar	68	490
Brazilian Real	72	92
Chinese Yuan	241	1,124
Indian Rupee	35	67
Czech Koruna	4	4
Korean Won	339	-
Russian Rouble	-	-
TOTAL	**451,140**	**458,881**

Breakdown of non-current and current financial debt by interest rate:

BEFORE IMPLEMENTING HEDGE INSTRUMENTS:

	At 31 March 2015	At 31 March 2014
Fixed rate financial debt	137,209	123,373
Variable rate financial debt	293,956	324,186
TOTAL FINANCIAL DEBT[(1)]	**431,165**	**447,559**

(1) Excluding fair market value of derivatives – liabilities.

AFTER IMPLEMENTING HEDGE INSTRUMENTS:

	At 31 March 2015	Au 31 March 2014
Fixed rate financial debt	317,209	253,373
Variable rate financial debt	113,956	194,186
TOTAL FINANCIAL DEBT[(1)]	**431,165**	**447,559**

(1) Excluding fair market value of derivatives – liabilities.

Calculation of net financial debt

	At 31 March 2015	At 31 March 2014[(1)]
Non-current financial debt	396,510	407,983
Current financial debt	32,482	38,297
Bank overdrafts	1,396	1,042
Invoices factored and not guaranteed	777	237
TOTAL FINANCIAL DEBT (A)	**431,165**	**447,559**
Receivables from investments		
Loans	1,018	1,182
Guaranteed deposits and securities paid	7,075	4,879
Other financial receivables	875	561
Current accounts	923	758
TOTAL NET FINANCIAL RECEIVABLES (B)	**9,891**	**7,380**
Cash (C)	236,845	239,212
NET FINANCIAL DEBT (A-B-C)	**184,429**	**200,967**
Equity	657,450	577,647
Net debt/equity ratio	**28.1%**	**34.8%**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

In economic terms, net debt should be reduced by the value of treasury shares held for sale as part of the share purchase/subscription option and free share allocation plans.

The liquidation value of these shares was EUR 10.9 million at 31 March 2015, given the exercise prices granted for share purchase/subscription options and the year-end share price for shares not allocated to these plans.

For accounting purposes, the value of treasury shares held is deducted from equity under IFRS; this amounted to EUR 13.5 million at 31 March 2015 and EUR 14.7 million at 31 March 2014.

NOTE 20 **FINANCIAL RISK MANAGEMENT**

The Faiveley Transport Group's cash policy is based on overall financial risk management principles and provides specific strategies for areas such as foreign exchange risk, interest rate risk, raw materials risk, credit risk and liquidity risk.

Within this framework, the Group also uses derivative instruments, mainly forward purchases and sales of currencies, exchange rate and interest rate swaps, interest rate options and raw material swaps. The aim of these instruments is to manage the exchange, interest rate and raw material risks associated with the Group's activities and financing.

The Group's policy is not to enter into derivative instruments for speculative purposes.

The Supervisory Board of Faiveley Transport examines risk management principles as well as policies covering certain specific fields such as exchange risk, interest rate risk, raw materials risk, credit risk and liquidity risk. These policies are summarised below.

The market values of interest rate and foreign exchange derivative instruments have been determined based on year-end market prices. They have been appraised by an independent expert.

Financial instruments for the year ended 31 March 2015

Main valuation methods used for financial assets and liabilities:

- since most of Faiveley Transport's financial debt bears a variable rate, its fair value (rounded to the nearest credit spread) is equal to nominal values supplemented by interest not yet due;
- due to their short maturity profile, the fair value of trade and other receivables, other current financial assets, current financial debt, cash and cash equivalents and short-term investments is deemed identical to their book value.

		Analysis by category of instrument					Fair value classification of instruments[1]		
At 31 March 2015	**Book value**	**Non financial assets and liabilities**	**Loans, receivables and liabilities**	**Fair value through profit and loss**	**Assets available for sale**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Shareholdings in unconsolidated subsidiaries	255	-	-	-	255	255	-	-	255
Equity interests in equity-accounted entities	21,817	21,817	-	-	-	21,817	-	-	-
Other long-term financial investments	4,077	-	4,077	-	-	4,077	-	-	-
NON-CURRENT ASSETS	**26,149**	**21,817**	**4,077**	**-**	**255**	**26,149**	**-**	**-**	**255**
Trade receivables	224,130	8,395	215,735	-	-	224,130	-	-	-
Other current assets	24,718	7,338	17,380	-	-	24,718	-	-	-
Current financial assets	6,843		6,843	-	-	6,843	-	-	-
Fair value of derivatives – Assets	36,006	-	-	36,006	-	36,006	-	36,006	-
Short-term investments	14,824	-	-	14,824	-	14,824	14,824	-	-
Cash	222,021	-	-	222,021	-	222,021	-	-	-
CURRENT ASSETS	**528,542**	**15,733**	**239,958**	**272,851**	**-**	**528,542**	**14,824**	**36,006**	**-**
TOTAL ASSETS	**554,691**	**37,550**	**244,035**	**272,851**	**255**	**554,691**	**14,824**	**36,006**	**255**
Non-current borrowings and financial debt	396,510	-	396,510	-	-	396,510	-	-	-
NON-CURRENT LIABILITIES	**396,510**	**-**	**396,510**	**-**	**-**	**396,510**	**-**	**-**	**-**
Current borrowings and financial debt	34,655	-	34,655	-	-	34,655	-	-	-
Fair value of derivatives – Liabilities	19,975	-	-	19,975	-	19,975	-	17,845	2,130[2]
Current liabilities	303,935	12,881	291,054	-	-	303,935	-	-	-
CURRENT LIABILITIES	**358,565**	**12,881**	**325,709**	**19,975**	**-**	**358,565**	**-**	**17,845**	**2130**
TOTAL LIABILITIES	**755,075**	**12,881**	**722,219**	**19,975**	**-**	**755,075**	**-**	**17,845**	**2,130**

(1) Revised IFRS 7 requires that fair value measurements be classified on three levels. The levels of fair value hierarchy reflect the significance of data used for the measurements:
- *Level 1: prices (unadjusted) of identical assets or liabilities listed on active markets;*
- *Level 2: data other than listed prices covered by Level 1, that can be noted for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);*
- *Level 3: data relating to the asset or liability, not based on observable market data (unobservable data).*

(2) This amount corresponds to the financial commitment accounted for as part of the recognition of put options held by minority shareholders in Faiveley Transport Schweiz AG (formerly called Urs Dolder AG) at 31 March 2015.

Financial instruments for the year ended 31 March 2014 restated

At 31 March 2014 restated	Book value	Analysis by category of instrument: Non financial assets and liabilities	Loans, receivables and liabilities	Fair value through profit and loss	Assets available for sale	Fair value	Fair value classification of instruments[1]: Level 1	Level 2	Level 3
Shareholdings in unconsolidated subsidiaries	253	-	-	-	253	253	-	-	253
Equity interests in equity-accounted entities	12,337	12,337	-	-	-	12,337	-	-	-
Other long-term financial investments	2,450	-	2,450	-	-	2,450	-	-	-
NON-CURRENT ASSETS	**15,040**	**12,337**	**2,450**	**-**	**253**	**15,040**	**-**	**-**	**253**
Trade receivables	199,070	10,836	188,234	-	-	199,070	-	-	-
Other current assets	32,809	6,786	26,023	-	-	32,809	-	-	-
Current financial assets	4,927	-	4,927	-	-	4,927	-	-	-
Fair value of derivatives – Assets	2,979	-	-	2,979	-	2,979	-	2,979	-
Short-term investments	69,795	-	-	69,795	-	69,795	69,795	-	-
Cash	169,419	-	-	169,419	-	169,419	-	-	-
CURRENT ASSETS	**478,999**	**17,622**	**219,184**	**242,193**	**-**	**478,999**	**69,795**	**2,979**	**-**
TOTAL ASSETS	**494,039**	**29,959**	**221,634**	**242,193**	**253**	**494,039**	**69,795**	**2,979**	**253**
Non-current borrowings and financial debt	407,983	-	407,983	-	-	407,983	-	-	-
NON-CURRENT LIABILITIES	**407,983**	**-**	**407,983**	**-**	**-**	**407,983**	**-**	**-**	**-**
Current borrowings and financial debt	39,576	-	39,576	-	-	39,576	-	-	-
Fair value of derivatives – Liabilities	11,322	-	-	11,322	-	11,322	-	7,746	3,576[2]
Current liabilities	258,552	13,592	244,960	-	-	258,552	-	-	-
CURRENT LIABILITIES	**309,450**	**13,592**	**284,536**	**11,322**	**-**	**309,450**	**-**	**7,746**	**3576**
TOTAL LIABILITIES	**717,433**	**13,592**	**692,519**	**11,322**	**-**	**717,433**	**-**	**7,746**	**3,576**

(1) Revised IFRS 7 requires that fair value measurements be classified on three levels. The levels of fair value hierarchy reflect the significance of data used for the measurements:

- *Level 1: prices (unadjusted) of identical assets or liabilities listed on active markets;*
- *Level 2: data other than listed prices covered by Level 1, that can be noted for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);*
- *Level 3: data relating to the asset or liability, not based on observable market data (unobservable data).*

(2) This amount corresponds to the financial commitment accounted for as part of the recognition of put options held by minority shareholders in Nowe GmbH and Faiveley Transport Schweiz AG (formerly called Urs Dolder AG) at 31 March 2014.

Market risks

FOREIGN EXCHANGE RISK

The Group operates in foreign countries and is therefore exposed to exchange risk as a result of its exposure to a number of currencies.

The major currencies concerned are the US Dollar, the Hong-Kong Dollar, the Czech Koruna, the Swedish Krona, the Pound Sterling and the Chinese Yuan.

The management of exchange risk on commercial contracts is centralised by the parent company's Treasury Department and comprises two parts: certain and uncertain risk.

Exchange risk management relating to tenders in foreign currencies (uncertain risk)

Faiveley Transport Group is required to submit tenders denominated in foreign currencies. The Group's hedging policy is not to use hedge instruments during the offer phase, unless when specifically decided by Management. The aim is to manage the exchange risk through normal commercially available means. If necessary, the Group Treasury Department uses mainly exchange options.

Exchange risk management relating to commercial contracts (certain risk)

Commercial contracts in foreign currencies (most often successful tenders) are hedged by the Group Treasury Department from contractual commitment. The instruments used primarily include forward purchases and exchange rate swaps. Treasury may also use options.

Exchange risk management relating to other transactions

The Group's policy is to hedge all expected future transactions in each major currency. The minimum trigger threshold for a foreign exchange hedge is EUR 250 thousand.

Various flows are hedged against, at a minimum of 80%, based on the annual budget.

In addition to commercial contracts, all financial positions and management fees deemed the most significant are systematically hedged against.

Group exposure resulting from commercial contracts at 31 March 2015

Amounts in currency thousands	Trade receivables (a)	Trade payables (b)	Commitments (c)	Net position before hedging (d) = (a)-(b)-(c)	Hedge instruments (e)	Net unhedged position (f) = (d)-(e)
Australian Dollar	6,622	-	(552)	6,070	6,141	(71)
Canadian Dollar	-	-	(7,783)	(7,783)	(7,783)	-
Swiss Franc	-	-	(522)	(522)	(522)	-
Chinese Yuan	87,190	(10,687)	65,094	141,597	141,226	371
Czech Koruna	2,680	(64,558)	(778,925)	(840,803)	(840,579)	(224)
Pound Sterling	796	(175)	1,545	2,165	1,915	250
Hong Kong Dollar	33,573	(153,744)	(206,438)	(326,609)	(311,262)	(15,347)
Norwegian Krone	2,719	-	4,757	7,476	7,477	(1)
Polish Zloty	-	-	3,114	3,114	3,114	-
Russian Rouble	-	(2,315)	67,433	65,118	65,195	(77)
Swedish Krona	2,695	(24,260)	(74,270)	(95,835)	(98,316)	2,480
Singapore Dollar	4,006	(790)	2,176	5,392	5,392	-
US Dollar	1,720	(4,030)	119,772	117,462	117,480	(18)

Forward sales hedging financial and commercial transactions at 31 March 2015

	EUR thousands	Currency thousands	Fair value
Norwegian Krone	859	7,477	-
Swedish Krona	18,614	173,927	(101,607)
Czech Koruna	12,151	334,422	(94,130)
Australian Dollar	22,949	32,644	(22,500)
Hong Kong Dollar	138,090	1,184,054	(3,794,465)
Singapore Dollar	17,156	25,346	525,286
US Dollar	323,887	354,735	(5,397,442)
Swiss Franc	680	820	(105,510)
Pound Sterling	28,011	20,536	(142,730)
Indian Rupee	833	58,155	(34,964)
Russian Rouble	2,459	153,876	(4,902)
Chinese Yuan	31,291	219,828	(1,669,511)
Polish Zloty	1,010	4,280	(36,733)
TOTAL	**597,990**		**(10,879,208)**

Forward purchases hedging financial and commercial transactions at 31 March 2015

	EUR thousands	Currency thousands	Fair value
Swedish Krona	63,082	586,891	(23,413)
Czech Koruna	52,778	1,455,241	415,728
Australian Dollar	6,843	9,754	26,810
Hong Kong Dollar	170,115	1,448,170	3,396,058
Singapore Dollar	9,024	13,332	-
US Dollar	124,740	153,962	18,544,922
Swiss Franc	738	819	46,862
Canadian Dollar	5,665	7,783	-
Pound Sterling	56,355	40,763	(391,617)
Indian Rupee	10,899	969,650	2,529,455
Russian Rouble	1,599	106,752	(39,061)
Korean Won	3,403	4,503,800	(338,669)
Chinese Yuan	135,767	954,624	6,186,624
Polish Zloty	2,593	10,854	55,810
TOTAL	**643,601**		**30,409,509**

Sensitivity analysis

The following table presents, at 31 March 2015, the sensitivity to a 10% positive or negative change in the Euro against other currencies:

- the effect on pre-tax profit only applies to financial assets and liabilities recognised in the balance sheet, which are denominated in a currency other than the functional currency of their controlling entity and which are not hedged against;
- the effect on equity results from the valuation of the efficient portion of derivative instruments qualifying as cash flow hedges.

	Movement in EUR exchange rate	Effect on profit from ordinary activities (before tax)	Effect on equity reserves
US Dollar	10%	(3,029)	(168)
	-10%	2,479	168
Chinese Yuan	10%	1,336	(148)
	-10%	(1,093)	148
Pound Sterling	10%	1,442	(748)
	-10%	(1,180)	748
Australian Dollar	10%	510	-
	-10%	(417)	-
Hong Kong Dollar	10%	65	(278)
	-10%	(53)	278
Singapore Dollar	10%	122	-
	-10%	(100)	-
Brazilian Real	10%	299	-
	-10%	(245)	-
Swedish Krona	10%	15	500
	-10%	(12)	(500)
Czech Koruna	10%	128	-
	-10%	(105)	-
Swiss Franc	10%	(203)	-
	-10%	166	-
Russian Rouble	10%	77	29
	-10%	(63)	(29)

INTEREST RATE RISKS

The syndicated debt, excluding the revolving facility, is indexed on Euribor variable rates. The "SSD Schuldschein" private placement includes several maturities, some of which are indexed on a variable rate, others bearing a fixed rate. This debt may be hedged in accordance with the Group's interest rate risk policy. None of the revolving facilities, all bearing a variable rate, whether drawn or undrawn, nor the US private placement-type fixed-rate bond issue are subject to interest rate hedging.

To manage its risk, the Treasury Department has implemented a hedging strategy using interest rate swaps and options.

The exposure of interest rates on loans in Euros is hedged for between 77% and 98% of the drawn debt, depending on fluctuations for the 2015/2016 period.

The US dollar denominated debt comprising the "US Private Placement" bond issue exclusively bears fixed rates.

The estimated cost of the Euro-denominated syndicated debt and "Schuldschein" loan is 1.71% for the 2015/2016 period, hedges and spreads included. The estimated cost of the US-denominated debt is estimated at 4.91%. The total cost of the Group's debt for 2015/2016 is therefore estimated at 2.24%.

Considering the amortisation profile of the syndicated loan, Schuldschein loan and interest rate hedges, the net exposure at 31 March 2015 was as follows:

	Financial liabilities		Hedge instruments		Net hedged variable rate exposure	
Euro-denominated debt	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Under 1 year	-	30,000	30,000	-	30,000	-
1 to 2 years	-	30,000	30,000	-	30,000	-
2 to 3 years	-	30,000	30,000	-	30,000	-
More than 3 years	67,500	197,500	50,000	-	117,500	147,500
TOTAL EUR	**67,500**	**287,500**	**140,000**	**-**	**207,500**	**147,500** (1)

(1) *Sensitivity analysis of net exposure (EUR 147.5 million): A 100 basis points increase in both the reference "Euribor 3 months" and "Euribor 6 months" interest rates would result in a full-year increase of EUR 1.5 million in interest expense.*

Given the amortisation profile of the syndicated credit, the US private placement and interest rate hedges, the net exposure of the US dollar-denominated debt at 31 March 2015 was as follows:

	Financial liabilities		Hedge instruments		Net hedged variable rate exposure	
USD-denominated debt	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Under 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 3 years	3,600	-	-	-	3,600	-
More than 3 years	71,400	-	-	-	71,400	-
TOTAL USD	**75,000**	**-**	**-**	**-**	**75,000**	**-**

The following table summarises the interest rate risk exposure for the 2015/2016 period:

Debt *(EUR thousands)*	**Currency**	**Maximum exposure**	**Estimated cost of debt**
355,000	EUR	23%	1.71%
75,000	USD	0%	4.91%

Instruments recognised in equity

	On EUR loans		On USD loans			
	Nominal (EUR thousands)	**Fair value (EUR thousands)**	**Nominal (currency thousands)**	**Fair value (currency thousands)**	**Nominal (EUR thousands)**	**Fair value (EUR thousands)**
Swap	180,000	(782)	-	-	-	-
Tunnel	-	-	-	-	-	-
Cap	30,000	(92)	-	-	-	-
TOTAL	**210,000**	**(874)**	**-**	**-**	**-**	**-**

Sensitivity analysis

The Group has implemented a diversified interest rate risk management policy aimed at limiting the impact of potential interest rate increases on its cash flow. As at 31 March 2015, the servicing of projected debt, net of hedges put in place, would limit the impact of a 1% increase in interest rates on debt and hedges to EUR 1.0 million.

The positive impact on equity is EUR 1.5 million with a 0.5% interest rate increase.

RAW MATERIAL RISK

The Faiveley Transport Group is exposed to increases in the cost of semi-finished raw materials such as steel, aluminium and copper, as well as to increases in transportation costs. The table below shows the amounts of each raw material bought annually through purchase of components:

(EUR millions)	**Aluminium**	**Cast iron**	**Steel**	**Stainless steel**	**Rubber**	**Copper**
2014/2015 amounts	24	11	34	9	17	5

The Group has already anticipated these effects, through both its procurement policy and the preparation of its commercial offers. Certain contracts relating to projects include price indexation clauses which enable the Group to pass on a part of the increases in raw material costs.

DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative instruments

The fair value of derivative instruments for hedging exchange, interest rate and raw materials risks reflected in the balance sheet was as follows:

At 31 March 2015	Financial instruments assets	Financial instruments liabilities	Unrealised capital gains/ (losses) taken to equity
Interest rate hedges(1)	**-**	**849**	**(566)**
Raw material hedges(1)	**41**	**-**	**41**
Foreign exchange hedges	**35,965**	**16,998**	**112**
• *fair value hedges*	*17,685*	*10,190*	*-*
• *cash flow hedges*	*363*	*263*	*112*
• *not eligible for hedge accounting*	*17,917*	*6,545*	*-*
TOTAL	**36,006**	**17,847**	**(413)**

(1) Cash flow hedges.

At 31 March 2014	Financial instruments assets	Financial instruments liabilities	Unrealised capital gains/ (losses) taken to equity
Interest rate hedges(1)	**-**	**1,512**	**(1,392)**
Raw material hedges(1)	**-**	**35**	**(35)**
Foreign exchange hedges	**2,979**	**6,201**	**(33)**
• *fair value hedges*	*2,284*	*2,822*	*-*
• *cash flow hedges*	*20*	*33*	*(33)*
• *not eligible for hedge accounting*	*675*	*3,346*	*-*
TOTAL	**2,979**	**7,748**	**(1,460)**

(1) Cash flow hedges.

Movement in equity reserve (excl. deferred tax)

	Amount at 1 April 2014	Movement in the year	Amounts reclassified to the income statement	Amount at 31 March 2015
Interest rate hedges	(1,402)	1,009	(173)	(566)
Foreign exchange hedges	(33)	177	(32)	112
Raw material hedges	(35)	76	-	41
TOTAL	**(1,470)**	**1,262**	**(205)**	**(413)**

Horizon for release of amounts recorded in equity at 31 March 2015

The amount of EUR 112 thousand recorded in equity in respect of exchange rate derivatives will be recycled to the income statement in the year ending 31 March 2016.

The amount of EUR (566) thousand recorded in equity in respect of interest rate derivatives will be released to the income statement between 1 April 2014 and 31 March 2019 according to the maturity of the flows hedged.

The amount of EUR 41 thousand taken to equity in relation to raw materials will be transferred to the income statement for the year to 31 March 2016.

Credit risk

Owing to its commercial activities, Faiveley Transport Group is exposed to credit risk, in particular the risk of default on the part of its customers.

The Group only enters into commercial relationships with third parties whose financial position is known to be healthy. The Group's policy is to verify the financial health of those customers wishing to obtain credit.

In the case of derivative instruments and cash transactions, counterparties are limited to the high-quality financial institutions that currently finance the Group.

Faiveley Transport Group makes use of factoring arrangements in France, Germany, Spain, Italy and China. In addition, at the request of major customers, the Group participates in two reverse factoring programmes in Canada, Germany, the UK and the US.

Factoring enables the Group to sell, without recourse, part of its receivables to various factoring companies and banks. This selling without recourse has enabled the Group to improve trade receivables recovery and to transfer the risk of default or bankruptcy on the part of customers or other debtors to the factors.

At 31 March 2015, receivables sold without recourse totalled EUR 96.9 million, including EUR 7.9 million for reverse factoring programmes implemented at the request of customers.

The amount of receivables sold and not guaranteed was EUR 0.8 million.

As regards the risk associated with financial assets, the Group's maximum exposure is equal to their book value.

Liquidity risk

Prudent liquidity risk management requires the Group to retain a sufficient level of cash and securities that can be traded in a market, to have adequate financial resources due to the implementation of appropriate credit facilities and to be in a position to unwind positions in the market.

At 31 March 2015, the Group had EUR 150 million in undrawn confirmed credit facilities.

At 31 March 2015, the Group complied with all financial conditions required by all credit agreements.

The Group considers that the cash flows generated by its operating activities, cash and funds available *via* existing credit lines will be sufficient to cover the expenditure and investment necessary for its operations, to service its debt and to pay dividends. Conversely, the Group may have to borrow to finance potential acquisitions.

AVAILABLE CASH AND CASH EQUIVALENTS

	31 March 2015	31 March 2014
Available credit lines (a)	197,502	194,935
Parent company cash (b)	12,290	71,914
Subsidiaries cash and cash equivalents (c)	223,778	171,386
AVAILABLE CASH AND CASH EQUIVALENTS (1) = (a+b+c)	**433,570**	**438,235**
Borrowings due in less than one year (d)	32,482	38,297
Available credit lines maturing in less than one year and bank overdrafts (e)	80,138	107,744
NET CASH AND CASH EQUIVALENTS AVAILABLE OVER THE NEXT YEAR (1-d-e)	**320,950**	**292,194**

Cash and cash equivalents include unused factoring cash of EUR 75 million (net of non-guaranteed receivables factored).

Available cash was virtually stable over the period. However, the refinancing of the syndicated credit and part of the bilateral revolving improved the level of cash available within one year.

Financial debt of less than one year is detailed in Note 19 (excluding bank overdraft, fair value of derivatives and invoices factored and not guaranteed).

Available credit facilities represent credit facilities granted by the banks and available immediately to the subsidiaries or the parent company. At 31 March 2015, EUR 1.4 million was used in respect of a bank overdraft.

MATURITY DATES OF FINANCIAL LIABILITIES AT 31 MARCH 2015

At 31 March 2015	Book value	Under 1 year	1 to 5 years	Over 5 years	Non-financial liabilities
Liability financial instruments:					
Borrowings	425,560	30,155	242,682	152,723	-
Interest on liabilities	1,908	1,908	-	-	-
Leases	1,301	196	874	231	-
Employee profit sharing	65	65	-	-	-
Various other financial liabilities	6	6	-	-	-
Guarantees and deposits received	56	56	-	-	-
Credit current accounts	96	96	-	-	-
Bank overdrafts	1,396	1,396	-	-	-
Fair value of derivatives – liabilities	19,975	19,975	-	-	-
Invoices factored and not guaranteed	777	777	-	-	-
Financial liabilities	**451,140**	**54,630**	**243,556**	**152,954**	**-**
Operating liabilities	291,054	278,173	-	-	12,881
TOTAL	**742,194**	**332,803**	**243,556**	**152,954**	**12,881**

Future cash flow

At 31 March 2015	Value	Under 1 year	1 to 2 years	2 to 3 years	Over 3 years
Borrowings	427,468	32,063	30,330	34,284	330,791
Leases	1,301	196	226	209	670
Employee profit sharing	65	65	-	-	-
Various other financial liabilities	6	6	-	-	-
Guarantees and deposits received	56	56	-	-	-
Credit current accounts	96	96	-	-	-

Forecast undiscounted future cash flow of interest and interest rate hedges

At 31 March 2015	Value	Under 1 year	1 to 2 years	2 to 3 years	Over 3 years
Interest on liabilities	47,424	7,890	7,643	7,512	24,379
Cash flow from liability financial instruments	1,913	899	541	282	191

MATURITY DATES OF FINANCIAL LIABILITIES AT 31 MARCH 2014

At 31 March 2014 restated	Book value	Under 1 year	1 to 5 years	Over 5 years	Non-financial liabilities
Liability financial instruments:					
Borrowings	442,933	36,270	225,056	181,607	-
Interest on liabilities	1,625	1,625	-	-	-
Leases	1,477	188	827	462	-
Employee profit sharing	65	65	-	-	-
Various other financial liabilities	1	1	-	-	-
Guarantees and deposits received	87	56	31	-	-
Credit current accounts	92	92	-	-	-
Bank overdrafts	1,042	1,042	-	-	-
Fair value of derivatives – liabilities	11,322	11,322	-	-	-
Invoices factored and not guaranteed	237	237	-	-	-
Financial liabilities	**458,881**	**50,898**	**225,914**	**182,069**	**-**
Operating liabilities	258,552	244,960	-	-	13,592
TOTAL	**724,565**	**300,507**	**225,914**	**182,069**	**16,075**

Future cash flow

At 31 March 2014	Value	Under 1 year	1 to 2 years	2 to 3 years	Over 3 years
Borrowings	444,559	37,099	35,482	186,647	185,331
Leases	1,478	189	209	202	878
Employee profit sharing	65	65	-	-	-
Various other financial liabilities	1	1	-	-	-
Guarantees and deposits received	87	56	31	-	-
Credit current accounts	92	92	-	-	-

Forecast future cash flow of interest and interest rate hedges

At 31 March 2014	Value	Under 1 year	1 to 2 years	2 to 3 years	Over 3 years
Interest on liabilities	53,300	8,700	8,700	7,100	28,800
Cash flow from liability financial instruments	1,550	1,200	350	-	-

Contribution to net financial income/(expense)

At 31 March 2015	Interest	Dividends	Revaluation Income	Revaluation Losses	Disposals	Exchange gain or loss and other	Net financial income/ (expense)
Loans and receivables	1,007	-	-	-	-	15,635	4,070
Payables at amortised cost	(12,573)	-	-	-	-		
Instruments measured at fair value through profit or loss	(1,551)	-	12,460	-	474	(26,997)	(15,614)
Assets available for sale	-	-	-	-	-	-	-
Other	(2,347)	24	-	-	-	-	(2,323)
TOTAL	**(15,464)**	**24**	**12,460**	**-**	**474**	**(11,362)**	**(13,868)**

At 31 March 2014 restated	Interest	Dividends	Revaluation Income	Revaluation Losses	Disposals	Exchange gain or loss and other	Net financial income/ (expense)
Loans and receivables	1,081	-	-	-	-	(2,072)	(12,191)
Payables at amortised cost	(11,200)	-	-	-	-		
Instruments measured at fair value through profit or loss	1,207	-	2,245	(2,657)	392	1,832	3,019
Assets available for sale	-	-	-	-	-	-	-
Other	(1,933)	17	-	-	-	-	(1,916)
TOTAL	**(10,845)**	**17**	**2,245**	**(2,657)**	**392**	**(245)**	**(11,093)**

NOTE 21 CURRENT LIABILITIES

	31 March 2015	31 March 2014(1)
Trade payables	209,619	180,494
Tax and social security liabilities	68,187	59,879
Accrued credit notes	1,458	959
Deferred income	168	2,008
Accrued expenses	12,713	11,584
Non-current assets suppliers	441	610
Dividends payable	55	55
Other operating liabilities	11,295	2,963
TOTAL	**303,935**	**258,552**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

At 31 March 2015, "Trade payables" included EUR 32.7 million of credit work-in-progress on projects (compared with EUR 23.8 million at 31 March 2014).

The increase in "Other operating liabilities" is primarily due to the exposure of project portfolios to the exchange risk, which increased due to the significant movements in exchange rates over the financial year. This exchange risk is hedged by the financial instruments presented under "Current financial assets" and "Short-term financial borrowings and liabilities" (under "Fair market value of derivatives – liabilities").

NOTE 22 FACTORING

In order to diversify the Group's sources of financing and reduce the credit risk, several subsidiaries factor their receivables. At 31 March 2015, the assignment of receivables to the various factors resulted in a EUR 97,716 thousand reduction in "Trade receivables". These transactions include factoring contracts without recourse as requested by two Group customers, totalling EUR 7,937 thousand. In addition, available and uncalled cash with the factoring companies amounted to EUR 75,028 thousand and is included in cash and cash equivalents. Conversely, the portion of receivables sold and not guaranteed was recorded as financial debt under "Current borrowings and financial liabilities" for an amount of EUR 777 thousand. The risk incurred by the Group in respect of receivables sold and not guaranteed relates to the non-collection of these receivables.

NOTE 23 SEGMENT REPORTING

The Group opted for a presentation similar to IAS 14, pursuant to IFRS 8, consisting of presenting information for the rail operating segment.

Income statement

	31 March 2015	31 March 2014(1)
Continuing activities:		
Sales	1,048,423	957,165
Operating profit after share of profit of equity-accounted entities	95,279	87,666
Net financial expense	(13,867)	(11,093)
Income tax	(28,535)	(26,432)
Share of profit of other equity-accounted entities	-	-
NET PROFIT FROM CONTINUING OPERATIONS	**52,877**	**50,141**
CONSOLIDATED NET PROFIT	**52,877**	**50,141**
Depreciation and amortisation for the period	17,446	15,985

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

BALANCE SHEET

	31 March 2015	31 March 2014(1)
Property, plant and equipment and intangible assets, net	826,029	782,448
Non-current financial assets	25,121	14,938
Deferred tax assets	66,429	51,738
SUB-TOTAL NON-CURRENT ASSETS	**917,579**	**849,124**
Inventories and receivables (excluding tax)	516,123	455,757
Other current assets	85,363	53,907
Cash	236,845	239,212
Assets held for sale	7,123	-
SUB-TOTAL CURRENT ASSETS	**845,454**	**748,876**
TOTAL ASSETS	**1,763,033**	**1,598,000**
Equity	**657,452**	**577,647**
Employee benefits and other non-current provisions	48,084	38,235
Deferred tax liabilities	50,854	34,030
Non-current financial debt	396,510	407,983
SUB-TOTAL NON-CURRENT LIABILITIES	**495,448**	**480,248**
Current provisions	101,810	94,373
Current financial debt	54,630	50,899
Advances, prepayments and non-financial liabilities (excluding tax)	444,178	381,137
Other current liabilities	9,515	13,696
SUB-TOTAL CURRENT LIABILITIES	**610,133**	**540,105**
TOTAL EQUITY AND LIABILITIES	**1,763,033**	**1,598,000**
Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) for the period	23,568	18,561
Workforce	5,431	5,264

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

Information by geographic region

Main contribution figures by geographic region of origin:

2014/2015 FY

	France	Europe (excl. France)	Americas	Asia/Pacific	Total
Sales	241,779	463,920	158,654	184,070	1,048,423
Closing balance of property, plant and equipment and intangible assets (excluding goodwill)	48,118	38,487	31,353	10,959	128,917
Acquisition of property, plant and equipment and intangible assets (excluding goodwill)	10,666	7,516	1,826	3,559	23,568
Amortisation and depreciation of property, plant and equipment and intangible assets (excluding goodwill)	7,275	6,226	2,152	1,794	17,446

2013/2014 FY

	France	Europe (excl. France)	Americas	Asia/Pacific	Total Restated
Sales	242,422	446,212	123,973	144,558	957,165
Closing balance of property, plant and equipment and intangible assets (excluding goodwill)	44,784	37,104	29,305	7,315	118,508
Acquisition of property, plant and equipment and intangible assets (excluding goodwill)	9,601	6,135	1,222	1,603	18,561
Amortisation and depreciation of property, plant and equipment and intangible assets (excluding goodwill)	5,913	5,569	2,817	1,686	15,985

Main customers

During the 2014/2015 financial year, the Group achieved 30.3% of its sales with the three largest European manufacturers (Alstom, Bombardier and Siemens) and 52.3% with its top ten customers (including Ansaldo, Stadler, SNCF, Trenitalia, Indian Railways, Rotem and CNR).

NOTE 24 SALES

	31 March 2015	31 March 2014[1]
Sales of products and services associated with contracts > 1 year	1,009,231	929,329
Sales of products and services associated with contracts < 1 year	39,192	27,836
TOTAL[2]	**1,048,423**	**957,165**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(2) Of which sales related to the "Services" Division: EUR 436.0 million at 31 March 2015 and EUR 400 million at 31 March 2014.

NOTE 25 GROSS PROFIT AND COST OF SALES

Gross profit is defined as sales less cost of sales.

Gross profit for the financial year totalled EUR 254.4 million, representing 24.3% of sales compared with 23.7% in 2013/2014 (restated figures).

The cost of sales breaks down as follows:

	31 March 2015	31 March 2014(1)
Direct labour	(96,228)	(84,052)
Raw materials and components	(418,498)	(385,468)
Structure costs	(77,815)	(73,886)
Procurement costs	(51,110)	(48,967)
Engineering costs	(56,332)	(55,135)
Other direct costs	(55,534)	(48,722)
Change in projects in progress	1,187	6,890
Net change in project provisions (charge/reversal)	(37,944)	(41,815)
Net change in provisions for losses on completion	(1,789)	958
TOTAL COST OF SALES	**(794,062)**	**(730,197)**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

NOTE 26 OTHER INCOME AND EXPENSES FROM RECURRING OPERATIONS

	31 March 2015	31 March 2014(1)
Royalties	1,982	2,119
Reversal of provisions for other liabilities	3,882(2)	1,518
Insurance compensation	17	-
Other operating income	918	984
TOTAL OTHER INCOME	**6,798**	**4,621**
Royalties	-	-
Doubtful debts	(1,146)	(877)
Charges to provisions for other liabilities	(2,338)	(1,707)
Inventory writedowns	(6,555)	(5,148)
Employee profit sharing	(884)	(944)
Other operating expenses	(7,161)(3)	(2,837)
TOTAL OTHER EXPENSES	**(18,084)**	**(11,513)**
NET TOTAL	**(11,286)**	**(6,892)**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.
(1) Of which EUR 3.3 million of reversal of provision for environmental risk at the Graham-White Manufacturing Co. entity.
(3) Of which:
- *individual redundancy costs of EUR 3.7 million (of which EUR 1.1 million at the Faiveley Transport entity, EUR 0.8 million at FT Leipzig and EUR 0.7 million at FT Witten);*
- *adjustments of EUR 2.0 million to supplier service invoices.*

NOTE 27 RESTRUCTURING COSTS AND GAINS AND LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Restructuring costs

Restructuring costs for the period totalled EUR 1.6 million, compared with EUR 1.3 million in the previous financial year. Over the period, these restructuring costs primarily related to FT Ibérica for EUR 0.9 million and FT Do Brasil for EUR 0.3 million.

Disposal of non-current assets

	31 March 2015	31 March 2014[(1)]
Sales price of assets sold	148	432
Net book value of assets sold	(214)	(485)
TOTAL	**(66)**	**(53)**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

NOTE 28 NET FINANCIAL INCOME/(EXPENSE)

	31 March 2015	31 March 2014[(1)]
Gross cost of financial debt	(12,226)	(10,513)
Income from cash and cash equivalents	1,255	1,170
NET COST OF FINANCIAL DEBT	**(10,971)**	**(9,343)**
Financial instrument income	1,101	5,488
Income linked to exchange differences	31,776	8,558
Proceeds from sale of marketable securities	21	-
Reversal of financial provisions	2	-
Income from vendor loan	-	-
Dividends received	24	17
Other financial income	173	298
OTHER FINANCIAL INCOME	**33,097**	**14,361**
Financial instrument charges	(14,319)	(4,072)
Charges linked to exchange differences	(19,013)	(9,400)
Interest charges on retirement commitments	(1,262)	(1,010)
Net book value of financial assets sold	-	(2)
Charges on bank guarantees	(1,055)	(912)
Reversal of discounting the value of put options held by minority shareholders	(18)	(11)
Other financial expenses	(327)	(704)
OTHER FINANCIAL EXPENSES	**(35,994)**	**(16,111)**
NET FINANCIAL EXPENSE	**(13,868)**	**(11,093)**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The net financial expense for the year was primarily due to:

- the net cost of financial debt for the year, *i.e.* EUR 11.0 million compared with EUR 9.3 million in the previous year. This increase is primarily due to the cost of the additional long-term "Schuldschein" financing taken in March 2014, which was not totally offset by the favourable impact of lower interest rates and improved interest rate hedging;
- a EUR 0.5 million unfavourable impact of realised and unrealised exchange differences;
- other financial income and expense items, comprising bank guarantees, interest on pension commitments, the effect of the reversal of discounting the value of put options held by minority shareholders and other financial income and expenses, resulting in a net loss of EUR 2.4 million.

NOTE 29 INCOME TAX

Analysis by type

	31 March 2015	31 March 2014(1)
Current tax – continuing operations	(23,109)	(28,463)
Deferred tax – continuing operations	(5,426)	2,031
TOTAL INCOME TAX - CONTINUING OPERATIONS	**(28,535)**	**(26,432)**
Tax on discontinued operations	-	-
TOTAL TAX	**(28,535)**	**(26,432)**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The income tax charge was EUR 28.5 million, compared with EUR 26.4 million for the year to 31 March 2014. As a percentage, the effective tax rate was 38.1%, compared with 36.6% for the year to 31 March 2014. This increase was primarily due to an unfavourable country mix.

Effective tax rate

	31 March 2015	31 March 2014(1)
Profit before tax from continuing operations	**81,412**	**76,573**
Of which share of profit of joint ventures	6,551	4,368
Profit before tax and share of profit of joint ventures from continuing operations	**74,859**	**72,205**
Statutory tax rate of the parent company	38.0%	38.0%
THEORETICAL TAX CREDIT/(CHARGE)	**(28,447)**	**(27,438)**
Impact of:		
Permanent differences	(1,703)	(514)
Difference in tax rates of other countries	3,705	5,047
Impact of other taxes (CVAE in France, IRAP in Italy and withholding taxes)	(3,034)	(4,913)
Deferred tax adjustments related to changes in tax rates	(1,620)	88
Use of previous tax losses not capitalised	-	630
Change in valuation allowance of deferred tax assets on tax losses carried forward	1,591	100
Change in deferred tax assets not recognised	1,788	(69)
Tax credits	-	-
Current tax adjustments in respect of earlier periods	(1,070)	792
Other	252	(155)
TAX CHARGE	**(28,536)**	**(26,432)**
Effective tax rate	**38.1%**	**36.6%**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

NOTE 30 PROFIT OR LOSS OF OPERATIONS HELD FOR DISPOSAL AND DISCONTINUED OPERATIONS

Nil.

NOTE 31 PAYROLL COSTS AND WORKFORCE

At 31 March 2014 restated and 31 March 2015, the workforce of joint ventures was excluded from the total workforce as a result of the application of IFRS 10, 11 and 12.

	31 March 2015	31 March 2014(1)
Salaries	214,093	204,758
Social security charges	55,981	53,671
Retirement and other post-employment benefits	13,803	10,242
Charges associated with share-based payments	2,172	-
TOTAL PAYROLL COSTS	**286,049**	**268,671**
TOTAL WORKFORCE	**5,431**	**5,264**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements

NOTE 32 EARNINGS PER SHARE

The table below shows the reconciliation between earnings per share and diluted earnings per share:

	31 March 2015	31 March 2014(1)
Net profit - Group share used in the calculation of basic and diluted earnings per share *(EUR thousands)*	**55,645**	**50,110**
Average number of shares (a)	14,614,152	14,614,152
Average number of treasury shares (b)	(282,158)	(292,258)
Average number of outstanding shares (a - b = c)	**14,331,994**	**14,321,894**
Average number of dilutive instruments (d)	85,928	244,698
Diluted average number of shares (c + d)	**14,417,922**	**14,566,592**
Basic earnings per share	3.88	3.50
Diluted earnings per share	3.86	3.44

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

NOTE 33 POST-BALANCE SHEET EVENTS

In application of the terms and conditions of the agreement of 23 December 2014 between Faiveley Transport and the minority shareholders in Faiveley Transport Schweiz AG, the legal and financial transfer of 10% of shares held by minority shareholders to Faiveley Transport will take place in the first quarter of the 2015/2016 financial year. The remaining 10% equity interest will be transferred in the first quarter of the 2016/2017 financial year.

On 9 April 2015, Faiveley Transport Group and the subsidiary of SMRT, Singapore Rail Engineering (SRE), signed a joint venture agreement for the marketing and provision of maintenance, repair and overhaul services (MRO) for rolling stock in South-East Asia (excluding Thailand, Taiwan and Hong Kong). The new company, called Faiveley Rail Engineering Singapore Pte Ltd., will market and supply MRO Services for brakes, access doors, platform screen doors, heating, ventilation and air conditioning (HVAC) systems, and auxiliary power supply (APS) systems.

NOTE 34 TRANSACTIONS WITH RELATED PARTIES

The aim of this note is to present the material transactions entered into between the Group and its related parties as defined by IAS 24.

The parties related to the Faiveley Transport Group are the consolidated companies (including the companies that are proportionally consolidated and those consolidated using the equity method), the entities and individuals that control Faiveley Transport and the Group's senior management.

Transactions entered into between the Faiveley Transport Group and its related parties are at arm's length terms.

Transactions with related companies

A list of consolidated companies is provided in Note 37.

Transactions carried out and balances outstanding with fully consolidated companies at the balance sheet date are fully eliminated on consolidation.

Only the following are included in the notes below:

- data relating to such intra-Group transactions, when they involve joint ventures (equity accounted) concerning the portion not eliminated on consolidation;
- material transactions with other Group companies.

TRANSACTIONS WITH CONSOLIDATED COMPANIES

Transactions with joint ventures not eliminated on consolidation:

Joint ventures are equity consolidated:

- Qingdao Faiveley SRI Rail Brake Co. Ltd.;
- Datong Faiveley Railway Vehicle Equipment Co., Ltd.;
- Shijiazhuang Jiaxiang Precision Machinery Co. Ltd.

The consolidated financial statements include transactions carried out by the Group with its joint ventures as part of its normal business activities.

These transactions are normally carried out at arm's length terms.

(EUR thousands)	31 March 2015	31 March 2014(1)
Sales	32,610	17,973
Operating receivables	13,925	13,626
Operating liabilities	(2,206)	(1,396)

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

WITH THE COMPANIES THAT CONTROL FAIVELEY TRANSPORT

With FAMILLE FAIVELEY PARTICIPATIONS

CONTRACT OF ASSISTANCE:

The strategic support and service agreement with Famille Faiveley Participations specifies all the services provided by Famille Faiveley Participations, particularly in terms of strategic consultancy and the Faiveley Transport Group development policy.

Under the terms of the contract of assistance and the rebilling of rent and services provided, Faiveley Transport recognised the following amounts as expenses and income for the financial year:

(EUR)	Faiveley Transport expenses	Faiveley Transport income
Contract of assistance, provision of services	380,876	
Rebilling of rent and utility expenses	-	3,170

- FRACTION OF FINANCIAL INVESTMENTS, RECEIVABLES, DEBTS, EXPENSES AND INCOME PERTAINING TO THESE RELATED COMPANIES:

(EUR thousands)	31 March 2015	31 March 2014
Trade receivables	1	1
Borrowings and various financial liabilities	-	-
Trade payables	(114)	(114)
Rebilling	3	3
Provision of services	(381)	(380)
Financial income	-	-
Financial expenses	-	-

Senior management and non-executive officers' remuneration

The Group considers that, within the meaning of IAS 24, the Group's senior management comprise mainly the members of the Management Board, the Supervisory Board and the Executive Committee.

The Remuneration Committee determines the remuneration to be allocated to members of the Management Board; it is responsible for assessing and determining the variable portion of the remuneration of the members of the Management Board, which is based on performance targets and the financial statements audited by the Statutory Auditors.

The following table provides details, in aggregate and for each category, of the components of remuneration of senior management:

(EUR)	2014/2015	2013/2014
Short-term benefits[(1)]	5,135,691	4,868,053
Termination benefits[(4)]	688,000	457,000
Post-employment benefits[(2)]	(26,128)	9,768
Share-based remuneration[(3)]	-	-
Other long-term benefits	(655)	(299)
Directors' fees[(5)]	226,059	252,573
TOTAL	**6,022,967**	**5,587,095**

(1) This category comprises fixed and variable remuneration (including employers' costs), profit sharing and incentive payments, supplementary contributions and benefits in kind paid during the year.
(2) Movements in retirement provisions.
(3) Charge recognised in the income statement.
(4) In the year to 31 March 2015, termination benefits concerned Thierry Barel. In the year to 31 March 2014, termination benefits concerned Helen Potter for EUR 175 thousand and François Feugier for EUR 282 thousand.
(5) Amount paid after deduction of withholding taxes.

3

Agreements entered into with senior management

With Stéphane RAMBAUD-MEASSON

Pursuant to the provisions of Articles L. 225-90-1 and R. 225-60-1 of the Commercial Code, the Supervisory Board at the meeting of 27 May 2014, on the proposal of the Remuneration Committee, set the terms and conditions of the termination benefits of Stéphane Rambaud-Measson, Chairman of the Management Board and Chief Executive Officer of Faiveley Transport Group since 7 April 2014.

Stéphane Rambaud-Measson will be entitled to special compensation not exceeding eighteen (18) months of fixed and variable remuneration, in the event of his dismissal, except in the event of serious or gross misconduct. The calculation being based on the average monthly amount of gross fixed and variable remuneration received by Stéphane Rambaud-Measson during the twelve (12) months prior to departure.

This base will be affected by a coefficient equal to the average share of variable remuneration received during the 3 years prior to departure.

The Supervisory Board at the meeting of 27 May 2014 authorised, on the proposal of the Remuneration Committee, an adjustment related to the termination of Stéphane Rambaud-Measson's employment contract, consisting of the taking out unemployment insurance (insured risk of EUR 15,000 per month for 12 months).

With Thierry BAREL

Pursuant to the provisions of Articles L. 225-90-1 and R. 225-60-1 of the Commercial Code, the Supervisory Board at the meeting of 27 May 2014, on the proposal of the Remuneration Committee, set the amount of the termination benefits of Thierry Barel, Chairman of the Management Board and Chief Executive Officer of Faiveley Transport from 1 April 2011 until his removal on 7 April 2014.

Thierry Barel received special compensation of EUR 688,000, based on the application of the performance conditions provided for in the event of the termination of his term of office.

NOTE 35 DIVIDENDS

Approval was granted at the General Meeting of 12 September 2014 for the payment of a dividend (including treasury shares) in respect of the 2013/2014 financial year totalling EUR 11,691,321.60:

- EUR 11,454,135.20 in respect of the EUR 0.80 dividend per share paid on 3 October 2014 to 14,317,669 shares for the 2013/2014 financial year;
- EUR 237,186.40 in unpaid dividends, corresponding to the 296,483 treasury shares held by Faiveley Transport at the time of the dividend distribution on 2 October 2014.

	Number of shares	Treasury shares	Number of shares to which dividends have been paid	Dividends approved
Ordinary shares	6,603,041	296,483	6,306,558	5,045,246
Shares with double voting rights	8,011,111	-	8,011,111	6,408,889
TOTAL	**14,614,152**	**296,483**	**14,317,669**	**11,454,135**[(1)]

(1) Including EUR 5,052,330 to Financière Faiveley and EUR 927,430 to François Faiveley Participations (FFP).

In respect of the 2014/2015 financial year, the General Meeting will be asked to approve the payment to shareholders of a dividend of EUR 13,152,736.00, being EUR 0.90 per share. This distribution will be taken from the account "Retained Earnings". The dividend will be payable from 5 October 2015. This dividend was not recognised as a liability at 31 March 2015.

NOTE 36 OFF-BALANCE SHEET COMMITMENTS

Leases

OPERATING LEASES

The operating leases entered into by the Faiveley Transport Group relate mainly to various buildings and furnishings.

The income and expenses recognised in respect of operating leases over the last three financial years break down as follows:

	2014/2015	2013/2014	2012/2013
Operating lease expenses	(12,018)	(11,148)	(11,482)
Sub-letting income	525	511	538
TOTAL	**(11,493)**	**(10,637)**	**(10,944)**

The future minimum payments to be made in respect of operating leases that are non-cancellable and had not expired as at 31 March 2015 are as follows:

	Less than 1 year	1 to 5 years	More than 5 years
Total future lease payments	9,933	34,544	10,555

Other commitments given

	31 March 2015	31 March 2014[(1)]
Deposits, securities and bank guarantees given to customers	234,024	224,557
of which given by joint ventures	-	-
Guarantees and securities given by the parent company to customers and banks	540,694	403,402
of which on behalf of joint ventures	*14,036*	*5,757*
Borrowings guaranteed by pledges:	-	-
mortgages of buildings	-	-

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements.

The off-balance sheet commitments above entitled "Deposits, securities and bank guarantees" is related to guarantees or securities provided to the banks essentially in favour of customers with whom commercial contracts have been signed. These guarantees are generally issued for defined periods and for defined amounts. These are principally guarantees for the repayment of deposits and guarantees for the satisfactory completion of contracts. Bank counter-guarantees may be issued for the benefit of banks supplying credit lines, and guarantees may also be issued for the benefit of certain subsidiaries of the Group.

The off-balance sheet commitments above entitled "Guarantees and securities given by the parent company" are guarantees agreed by the parent company Faiveley Transport in favour of customers who have signed commercial contracts with subsidiaries of the Group. As for bank guarantees, these are issued for defined periods and for defined amounts and essentially relate to guarantees for the repayment of deposits and guarantees for the satisfactory completion of contracts.

Commitments received

Other guarantees from suppliers: EUR 2,669 thousand.

NOTE 37 CONSOLIDATION SCOPE AND METHOD

Faiveley Transport is the Group's holding company.

The following companies, over which Faiveley Transport exercises direct or indirect control, are fully consolidated.

List of consolidated companies and consolidation method

Entity	Country	% control	% interest
Parent company:			
FAIVELEY TRANSPORT			
Full consolidation:			
Faiveley Transport Leipzig GmbH & Co. KG	Germany	100.00	100.00
Faiveley Transport Witten GmbH	Germany	100.00	100.00
Faiveley Transport Verwaltungs GmbH	Germany	100.00	100.00
Faiveley Transport Holding Gmbh & Co. KG	Germany	100.00	100.00
Faiveley Transport Nowe Gmbh	Germany	100.00	100.00
Faiveley Transport Australia Ltd.	Australia	100.00	100.00
Faiveley Transport Belgium NV	Belgium	100.00	100.00
Faiveley Transport Do Brasil Ltda.	Brazil	100.00	100.00
Faiveley Transport Canada Ltd.	Canada	100.00	100.00
Faiveley Transport Chile Ltda.	Chile	100.00	99.99
Faiveley Transport Systems Technology (Beijing) Co. Ltd.	China	100.00	100.00
Faiveley Transport Far East Ltd.	China	100.00	100.00
Shanghai Faiveley Railway Technology Co. Ltd.	China	51.00	51.00
Faiveley Transport Metro Technology Shanghai Ltd.	China	100.00	100.00
Faiveley Transport Railway Trading (Shanghai) Co. Ltd.	China	100.00	100.00
Faiveley Transport Asia Pacific Co. Ltd.	China	100.00	100.00
Faiveley Transport Korea Ltd.	Korea	100.00	100.00
Faiveley Transport Ibérica SA	Spain	100.00	100.00
Faiveley Transport USA Inc.	United States	100.00	100.00
Faiveley Transport North America Inc.	United States	100.00	100.00
Ellcon Drive LLC	United States	100.00	100.00
Amsted Rail - Faiveley LLC	United States	67.50	67.50
Graham-White Manufacturing Co.	United States	100.00	100.00
Omni Group Corporation	United States	100.00	100.00
Advanced Global Engineering LLC	United States	100.00	55.00
ATR Investments LLC	United States	100.00	60.00
Faiveley Transport Amiens	France	100.00	100.00
Faiveley Transport NSF	France	100.00	100.00
Faiveley Transport Tours	France	100.00	100.00
Faiveley Transport Gennevilliers	France	100.00	100.00
Faiveley Transport Birkenhead Ltd.	United Kingdom	100.00	100.00
Faiveley Transport Tamworth Ltd.	United Kingdom	100.00	100.00
Sab Wabco Ltd.	United Kingdom	100.00	100.00
Sab Wabco David & Metcalf Ltd.	United Kingdom	100.00	100.00
Sab Wabco David & Metcalf Products Ltd.	United Kingdom	100.00	100.00
Sab Wabco Investments Ltd.	United Kingdom	100.00	100.00
Sab Wabco Products Ltd.	United Kingdom	100.00	100.00
Sab Wabco UK Ltd.	United Kingdom	100.00	100.00
Faiveley Transport Rail Technologies India Ltd.	India	100.00	100.00

Entity	Country	% control	% interest
Faiveley Transport FMPR	Iran	51.00	51.00
Faiveley Transport Italia Spa	Italy	100.00	98.70
Faiveley Transport Polska z.o.o.	Poland	100.00	100.00
Faiveley Transport Plzen s.r.o.	Czech Republic	100.00	100.00
Faiveley Transport Tremosnice s.r.o.	Czech Republic	100.00	100.00
Faiveley Transport Lekov a.s	Czech Republic	100.00	100.00
o.o.o Faiveley Transport	Russia	100.00	98.00
Faiveley Transport Metro Technology Singapore Ltd.	Singapore	100.00	100.00
Faiveley Transport Malmö AB	Sweden	100.00	100.00
Faiveley Transport Nordic AB	Sweden	100.00	100.00
Faiveley Transport Schweiz AG	Switzerland	80.00	80.00
Schwab Verkehrstechnik AG	Switzerland	100.00	100.00
Faiveley Transport Metro Technology Thailand Ltd.	Thailand	100.00	100.00
Faiveley Transport Metro Technology Taiwan Ltd.	Taiwan	100.00	100.00
Equity-accounted joint ventures			
Qingdao Faiveley Sri Rail Brake Co. Ltd.	China	50.00	50.00
Datong Faiveley Railway Vehicle Equipment Co., Ltd.	China	50.00	50.00
Shijiazhuang Jiaxiang Precision Machinery Co. Ltd.	China	50.00	50.00
Other equity-accounted entities:			
Nil	-	-	-
Partnerships qualifying as joint arrangements:			
Nil	-	-	-

NOTE 38 STATUTORY AUDITORS' FEES

Fees payable to the Statutory Auditors and members of their network as part of assignments relating to the financial statements at 31 March 2015 and 31 March 2014 were as follows:

	ECA		PWC	
	2014/2015	2013/2014	2014/2015	2013/2014
Audit:				
Statutory Auditors, certification, review of individual and consolidated financial statements:				
• Issuer	154	152	251	244
• Subsidiaries	106	106	634	711
Other assignments directly related to the audit assignment	-	3	-	-
SUB-TOTAL AUDIT FEES	**260**	**261**	**885**	**954**
Other services:				
Legal, tax, corporate	-	-	-	36
Other	-	-	6	19
SUB-TOTAL OTHER SERVICES	**-**	**-**	**6**	**55**
TOTAL	**260**	**261**	**891**	**1,009**

NOTE 39 FINANCIAL COMMUNICATION

These consolidated financial statements are available in both French and English.

3.6.3 STATUTORY AUDITORS' REPORT ON THE 2014/2015 CONSOLIDATED FINANCIAL STATEMENTS (PERIOD FROM 1 APRIL 2014 TO 31 MARCH 2015)

"This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France."

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended 31 March 2015, on:

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

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

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without questioning the opinion expressed above, we draw your attention on note 3 "Consolidation principles and methods - Principles of presentation" of the appendix in the consolidated financial statements which presents modalities and incidence of the standard IFRS 10, 11 & 12 first application.

II - Justification of our assessments

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

- At the year-end, the Group performs impairment testing on goodwill and intangible assets with indefinite lives and assesses whether there is an indication of impairment of non-current assets, in accordance with the terms and conditions described in note 3 "Consolidation principles and methods – Use of estimates & Intangible assets Goodwill" and Note 5 "Goodwill". We have reviewed the methods for implementing this impairment testing, the cash flow forecasts and assumptions used by the management, as well as estimates resulting from the latter. We have verified that above mentioned Notes provide appropriate disclosure.
- The Group recognizes income generated on contracts using the percentage of completion method in accordance with the terms and conditions described in Note 3 "Consolidation principles and methods – Income statement presentation". These results are determined based on costs and revenue associated with the contracts, as estimated by executive management. Based on the information provided to us, our work consisted in assessing the financial information and the assumptions on which these estimates have been based, in reviewing the calculations performed by the Company, in comparing estimates of revenue on completion from previous periods with actual results, and in examining the procedures used by executive management to approve these estimates.
- The Group records provisions to cover miscellaneous liabilities and charges as described in Note 3 "Consolidation principles and methods – Provision for liabilities and charges, Other provisions for liabilities and charges" and Note 18 "Detail of provisions". Based on the information available, our work consisted in examining, by sampling, the financial information and the assumptions on which theses estimates have been based, in reviewing the calculations performed by the Company, in comparing accounting estimates from previous periods with actual results and in examining the procedures used by executive management to approve these estimates. On this basis, we assessed the reasonableness of estimates made.

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

III - Specific verification

As required by law, we also verified in accordance with professional standards applicable in France the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Dijon, June 26 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Expertise Comptable et Audit
Philippe Vincent	Jérôme Burrier

3.7 PARENT COMPANY FINANCIAL STATEMENTS

3.7.1 BALANCE SHEET

ASSETS

(EUR thousands)	Notes	31 March 2015 Gross	31 March 2015 Amort., depr. and prov. charges	31 March 2015 Net	31 March 2014 Net
Non-Current Assets					
Intangible assets					
Other intangible assets	C.1	396,757	7,947	388,809	386,996
In progress	C.1	17,777	-	17,777	17,920
Property, plant and equipment					
Buildings	C.1	-	-	-	-
Plant and machinery	C.1	-	-	-	-
Other property, plant and equipment	C.1	1,449	443	1,006	638
Financial assets					
Equity investments	C.2	496,068	-	496,068	550,188
Loans and receivables from equity investments	C.2	105,562	-	105,562	125,443
Other financial assets	C.2	566	-	566	459
TOTAL (I)		**1,018,179**	**8,390**	**1,009,789**	**1,081,644**
Current Assets					
Receivables					
Advances and prepayments received on orders	C.3	117	-	117	147
Trade receivables	C.3	48,079	-	48,079	46,368
Other receivables (incl. tax consolidation)	C.3	38,575	-	38,575	12,240
Cash and cash equivalents					
Marketable securities	C.4	13,520	99	13,421	67,244
Cash and cash equivalents	C.4	187,878	-	187,878	277,388
Prepaid expenses	C.11	1,080	-	1,080	1,119
Translation difference - assets		424	-	424	759
TOTAL (II)		**289,674**	**99**	**289,575**	**405,265**
TOTAL ASSETS (I + II)		**1,307,854**	**8,490**	**1,299,364**	**1,486,909**

EQUITY AND LIABILITIES

(EUR thousands)	Notes	31 March 2015 before allocation	31 March 2014 before allocation
Equity			
Share capital	C.5	14,614	14,614
Merger and contribution premiums	C.5	104,954	104,954
Legal reserve	C.5	1,461	1,461
Regulated reserves	C.5	-	-
Other reserves	C.5	-	-
Retained earnings	C.5	89,547	57,935
Net profit for the year	C.5	40,652	43,065
Regulated provisions	C.6	-	-
TOTAL EQUITY (I)		**251,228**	**222,031**
Provisions for liabilities and charges	C.6	**7,337**	**4,883**
TOTAL (II)		**7,337**	**4,883**
Liabilities			
Loans and borrowings			
Bond-type issues	C.7	58,522	58,182
Loans and borrowings from credit institutions	C.7	536,114	649,509
Other loans and borrowings	C.7	417,157	520,583
Other liabilities			
Trade payables	C.8	17,276	14,854
Tax and social security liabilities	C.8	8,360	9,084
Other liabilities	C.8	2,543	5,452
Deferred income	C.11	-	-
Translation difference		827	2,332
TOTAL (III)		**1,040,798**	**1,259,995**
TOTAL EQUITY AND LIABILITIES (I + II + III)		**1,299,364**	**1,486,909**

3.7.2 INCOME STATEMENT

(EUR thousands)	Notes	31 March 2015	31 March 2014
SALES (EX. VAT)	C.12	**67,360**	**62,211**
Cost of sales		(58,663)	(53,528)
Gross profit		**8,697**	**8,683**
Non-productive fixed costs		(12,007)	(8,667)
Other income		511	498
Other expenses		(552)	(346)
Restructuring costs		-	-
OPERATING PROFIT/(LOSS)		**(3,352)**	**168**
Amortisation and depreciation charges included in operating profit		1,675	930
Operating profit/(loss) before amortisation and depreciation charges		**(1,677)**	**1,098**
Net financial income	C.15	42,784	46,227
PROFIT FROM ORDINARY ACTIVITIES		**39,432**	**46,394**
NET EXCEPTIONAL INCOME/(EXPENSE)	C.16	**-**	**168**
Employee profit-sharing		-	-
Income tax	C.17	1,220	(3,497)
NET PROFIT		**40,652**	**43,065**

3.7.3 CASH FLOW STATEMENT

(EUR thousands)	Notes	31 March 2015	31 March 2014
Cash flow from operating activities:			
Net profit		40,652	43,065
Adjustment for non-cash items:		-	-
• Depreciation and amortisation charges on PPE and intangible assets		1,675	930
• Provision charges		4,970	2,926
• Provision reversals		(2,498)	(717)
• Gains/(losses) on asset disposals		-	38
• Reversal of debt write-off		-	-
SELF-FINANCING CAPACITY		**44,799**	**46,242**
Gross change in operating assets and liabilities:		**-**	**-**
• Decrease/(increase) in receivables		(27,642)	20,786
• Increase/(decrease) in payables and accrued expenses		(2,716)	(3,409)
CASH FLOW FROM OPERATING ACTIVITIES		**14,441**	**63,619**
Investment activities		-	-
Purchase of PPE and intangible assets		(3,714)	(3,531)
Proceeds from disposal of PPE and intangible assets		-	-
Purchase of financial investments		(1,993)	(29,719)
Proceeds from sale of financial assets		75,885	65,291
Cash arising from acquisitions of subsidiaries		-	-
CASH FLOW FROM INVESTMENT ACTIVITIES		**70,178**	**32,041**
Proceeds from share capital increases		-	-
Other movements in equity		-	-
Dividends paid		(11,454)	(13,542)
Proceeds from new borrowings		-	134,610
Repayment of borrowings		(31,676)	(46,418)
Short-term loans on acquisition of subsidiaries		-	-
Movement in Group current accounts		(103,426)	(91,574)
CASH FLOW FROM FINANCING ACTIVITIES		**(146,556)**	**(16,924)**
Net increase/(decrease) in cash and cash equivalents		**(61,937)**	**78,736**
Cash and cash equivalents at beginning of the period		86,303	7,567
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	C.4	**24,366**	**86,303**

3.7.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Notes to the parent company financial statements at 31 March 2015, in which assets totalled EUR 1,299,364 thousand, and the income statement showed a net profit of EUR 40,652 thousand. The financial period was of 12 months and covered the period from 1 April 2014 to 31 March 2015.

A. FINANCIAL YEAR SIGNIFICANT EVENTS

On 7 April 2014, the Supervisory Board of Faiveley Transport appointed Stéphane Rambaud-Measson Chairman of the Management Board and CEO of Faiveley Transport. He had joined the Group on 17 March 2014 as Group Executive Vice President.

On 2 July 2014, the Management Board decided to allocate free performance-based shares pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2013. This involved allocating a total of 135,106 shares to 226 beneficiaries.

The Management Board, at the meetings of 25 November 2014 and 27 March 2015, decided to allocate free performance-based shares pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2014. These involved allocating a total of 1,000 and 4,000 shares respectively to 3 beneficiaries.

On 28 January 2015, Faiveley Transport refinanced its syndicated loan and part of its bilateral revolving facilities, replacing them with a new syndicated loan. This new facility comprises a five-year, amortisable loan of EUR 225 million and a multi-currency revolving facility of EUR 125 million. This refinancing enables the Group to increase its financial flexibility, improve its borrowing terms and extend the average maturity of financing while expanding its banking pool.

B. ACCOUNTING RULES AND METHODS

1. Application of accounting rules and methods

The financial statements at 31 March 2015 have been prepared in accordance with accounting rules applicable in France:

- the Law of 30 April 1983 and its application decree of 29 November 1983;
- the French General Chart of Accounts 2014 as described by Regulation 2014-03 of Autorité des Normes Comptables.

The financial statements and the analyses for the year ended 31 March 2015 have been prepared and presented in accordance with accounting rules and in compliance with the principles of:

- prudence;
- independence of financial years;
- going concern;
- consistency of methods.

The historical cost method was used to determine accounting values.

2. Change of methods during the year

No changes of methods have been introduced by the Company during the year.

3. Measurement methods

The measurement methods described below have been used for the various items included in the financial statements.

In preparing the financial statements, the following provisions applicable to financial years beginning on or after 1 January 2005 were taken into account:

- CRC regulation n° 2002-10 on asset amortisation and impairment;
- CRC regulation n° 2004-06 on the definition, recognition and measurement of assets.

3.1 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets are recognised at their acquisition cost, at their transfer value in the case of those related to restructuring operations of previous financial years or at cost for those developed internally. In order to recognise an unfavourable technical variance, the latter must be assessed at each year-end. If there is an indication of impairment, a writedown charge must be recognised in the financial statements.

3.2 AMORTISATION AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Depreciation and amortisation of non-current assets are measured on a straight-line basis.

The principal periods of amortisation and depreciation are as follows:

Intangible assets:

■ software	1 to 10 years
■ patents	9 to 15 years

Property, plant and equipment:

■ buildings	15 to 20 years
■ misc. equipment and fittings	10 years
■ machinery and industrial equipment	3 to 8 years
■ vehicles	4 years
■ office equipment	3 to 10 years
■ IT hardware	3 to 5 years
■ furniture	5 to 10 years

3.3 EQUITY INVESTMENTS

Equity investments are measured at their purchase and/or contribution value. At the end of the financial year, a provision for impairment is established when the realisable value is lower than the acquisition value. The realisable value is the value in use for the Group, measured on the basis of future discounted cash flows.

3.4 RECEIVABLES FROM EQUITY INVESTMENTS

Receivables from equity investments correspond to loans provided to Group companies, as well as current accounts receivable from subsidiaries (excluding current tax receivables resulting from the Group's tax consolidation). A provision is established whenever there is a risk of non-recovery.

3.5 ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable and payable are recorded at nominal value. Provisions have been made for bad and doubtful debts according to the likelihood of non-recovery, as estimated at the end of the financial year. Old accounts for which non-recovery has become a certainty are written off as an expense and the corresponding provisions reversed through the income statement.

3.6 MARKETABLE SECURITIES

Marketable securities are recognised at their fair value on the basis of their quoted price or at their liquidation value at the year-end. Marketable securities are subject to impairment when their liquidation value at the financial year-end is lower than their acquisition value.

Treasury shares are included under this heading in accordance with CRC Regulation 2008-15 on treasury shares.

The value of treasury shares unallocated to the various share purchase and subscription plans and free share allocation plans is written down based on the average share price noted over the last month of the financial year.

3.7 SHARE CAPITAL

All capital increases are registered at the nominal value of the shares issued. Should the issue price be greater than the nominal value, the difference is recorded in the share premium reserve.

3.8 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions represent liabilities whose due date or amount has not been precisely determined. In particular, they include provisions for charges to cover share subscription option and free share allocation plans and provisions for litigation.

3.9 LOANS AND BORROWINGS

Loans and borrowings are valued at their nominal value.

3.10 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group operates in foreign countries and is therefore exposed to exchange risk as a result of various foreign currency exposures. Exchange risk is managed centrally by the parent company's Treasury Department and comprises two parts:

- exchange risk management relating to tenders in foreign currencies (uncertain risk);
- exchange risk management relating to commercial contracts (certain risk).

The Group's policy is to systematically hedge the full value of future transactions expected in every major currency.

Interest rate risk

The Group manages its interest rate cash flow risk through the use of swaps or options. From an economic point of view, the effect of these interest rate swaps or caps is to convert variable rate borrowings into fixed rate borrowings. The Group may also use structured instruments that do not qualify for hedge accounting.

A detailed description of the exchange and interest rate risks is provided in Paragraph 7.3 below:

Foreign exchange transactions

Income and expenses in foreign currencies are recorded at the exchange rate on the transaction date.

Foreign currency-denominated borrowings, receivables and cash are recorded in the balance sheet at the exchange rate on the balance sheet date. Any exchange difference arising from the revaluation of these items at these exchange rates is taken to "translation differences".

The unrealised exchange loss resulting from the determination of an overall foreign exchange position on assets and liabilities held on the balance sheet date is subject to a provision for foreign exchange risk.

C. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Figures are expressed in thousands of Euros unless indicated otherwise.

1. Property, plant and equipment and intangible assets

CHANGES IN THE PERIOD

	Gross 1 April 2014	Acquisitions developments	Disposals and reclassifications	Gross 31 March 2015
Intangible assets[(1)]	393,435	399	2,923	396,757
Intangible assets in progress[(2)]	17,920	2,780	(2,923)	17,777
General fittings, fixtures and miscellaneous	610	215	-	825
Office equipment and computer hardware, furniture	304	320	-	624
Advances and prepayments on non-current assets	-	-	-	-
TOTAL	**412,269**	**3,714**	**-**	**415,983**

(1) This includes the EUR 384.8 million unfavourable technical variance recognised as part of the transfer of all assets and liabilities of Faiveley Transport and Faiveley Management during the financial year ended 31 March 2009. This technical variance was subject to an impairment test at 31 March 2015, which did not highlight the need for a writedown charge to be recognised in the financial statements.
The remainder of this heading primarily includes IT software development costs.
(2) Including work-in-progress of EUR 2,923 thousand commissioned during the financial year.

AMORTISATION, DEPRECIATION AND WRITEDOWNS

	At 1 April 2014	Charges	Decreases	At 31 March 2015
Intangible assets	6,440	1,507	-	7,947
General fittings, fixtures and miscellaneous	152	65	-	217
Office equipment and computer hardware, furniture	124	102	-	226
TOTAL	**6,716**	**1,674**	**-**	**8,390**

2. Financial investments

CHANGES IN THE PERIOD

	Gross 1 April 2014	Acquisitions/ Increases	Disposals/ Decreases	Gross 31 March 2015
Equity investments	550,188	1,880[(1)]	(56,000)[(2)]	496,068
Loans and receivables from equity investments	125,443	16,413	(36,294)	105,562
Other financial investments	459	113	(6)	566
TOTAL	**676,090**	**18,406**	**(92,300)**	**602,196**

(1) This increase is due to the acquisition of minority interests in Nowe.
(2) This decrease is due to the reduction in the share capital of FT Belgique.

MATURITY OF RECEIVABLES (EXCLUDING FINANCIAL INVESTMENTS)

	Less than 1 year	1 to 5 years	More than 5 years	Net at 31 March 2015
Loans and receivables from equity investments	105,009	553	-	105,562
Other financial investments	8	-	558	566
TOTAL	**105,017**	**553**	**558**	**106,128**

3. Receivables

	Less than 1 year	More than 1 year	Net at 31 March 2015	Net at 31 March 2014
Trade receivables	48,079	-	48,079	46,368
Other receivables – advances and prepayments[1]	34,073	-	34,073	8,443
Tax consolidation	4,619	-	4,619	3,944
TOTAL	**86,771**	**-**	**86,771**	**58,755**

(1) Of which tax receivables of EUR 1,220 thousand in relation to Faiveley Transport Holding GmbH & Co KG and Faiveley Transport Leipzig GmbH & Co KG at 31 March 2015 and a portfolio of bank guarantees of EUR 30.2 million.

4. Cash and marketable securities

	31 March 2015	31 March 2014
Marketable securities[1]	13,421	67,244
Cash and cash equivalents	187,878	277,388
Bank overdrafts	(177,032)	(258,411)
TOTAL	**24,267**	**86,221**

(1) Of which treasury shares of EUR 13,420 thousand.

5. Equity

	Share capital	Share premium	Reserves	Retained earnings	Profit/(loss) for the year	Total
BALANCE AT 31 MARCH 2013	**14,614**	**104,954**	**1,461**	**44,716**	**26,762**	**192,507**
Allocation of 2012/2013 profit	-	-	-	26,762	(26,762)	-
Dividends paid	-	-	-	(13,541)	-	(13,541)
Profit/(loss) for the year	-	-	-	-	43,065	43,065
Other	-	-	-	-	-	-
BALANCE AT 31 MARCH 2014	**14,614**	**104,954**	**1,461**	**57,937**	**43,065**	**222,031**
Allocation of 2013/2014 profit	-	-	-	43,065	(43,065)	-
Dividends paid	-	-	-	(11,455)	-	(11,455)
Profit/(loss) for the year	-	-	-	-	40,652	40,652
Other	-	-	-	-	-	-
BALANCE AT 31 MARCH 2015	**14,614**	**104,954**	**1,461**	**89,547**	**40,652**	**251,228**

5.1 SHARE CAPITAL

At 31 March 2015, the share capital of the Company was EUR 14,614,152, divided into 14,614,152 shares of EUR 1 each, fully paid up. Shares registered in the name of the same shareholder for at least two years (7,721,000 shares at 31 March 2015) have double voting rights.

Analysis of share capital

Shares	Nominal value	31 March 2014	Newly issued	Granted double voting rights	31 March 2015
Ordinary	1	6,682,517	-	210,635	6,893,152
Amortised	-	-	-	-	-
With priority dividends	-	-	-	-	-
With double voting rights	1	7,931,635	-	(210,635)	7,721,000
TOTAL	**1**	**14,614,152**	**-**	**-**	**14,614,152**

Treasury shares

At 31 March 2015, the Company directly or indirectly held 234,074 treasury shares, including 10,455 shares through its liquidity contract. These shares accounted for 1.60% of the share capital. Out of these 234,074 shares, 196,535 were earmarked for the various stock option and free share plans.

Employee shareholding

FCPE Faiveley Actions holds 15,360 shares (0.1%) in the Company.

Share purchase or subscription option plans

- PLAN FEATURES

Allocation	Share purchase option plan		Share subscription option plan
Date of Management Board meeting	19/02/2008	16/07/2008	23/11/2009
Exercise price in EUR(1)	32.31	40.78	54.91
Date from which options can be exercised	19/02/2010	16/07/2010	22/11/2013
Expiry date	18/02/2015	16/07/2015	22/11/2017
Number of options remaining to be exercised at 31 March 2014	**5,960**	**22,600**	**116,000**
Options granted during the period	-	-	-
Options cancelled during the period	-	-	-
Options exercised during the period	(5,960)	(14,153)	-
Number of options remaining to be exercised at 31 March 2015	**-**	**8,447**	**116,000**

(1) The exercise price is equal to the average price of the 20 trading days preceding the date of the Management Board meeting at which it was decided to grant the options, less a discount of 5%.

Free performance-based share allocation plans and free share plans

FREE PERFORMANCE-BASED SHARE ALLOCATION PLAN OF 12 JULY 2014

On 2 July 2014, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2013. This involves allocating a total of 135,106 shares, *i.e.* approximately 0.92% of the share capital, to 226 beneficiaries.

These allocations are subject to the beneficiaries remaining employed by the Group and to performance criteria applicable over a two-year period. For reasons of confidentiality, the levels expected in relation to performance criteria are not disclosed, but are based on:

- a cumulative profit from recurring operations target for the 2014/2015 and 2015/2016 financial years;
- a cumulative cash flow generation target set for the 2014/2015 and 2015/2016 financial years;
- a target for the rollout of the Faiveley Worldwide Excellence (FWE) programme

If the performance criteria are completely fulfilled or are exceeded, the beneficiaries will receive the full number of shares that have been allocated to them.

If the performance criteria are partially fulfilled but exceed a minimum threshold, the beneficiaries will receive a percentage of the number of shares that have been allocated to them, prorated on the percentage of achievement of the targets set. If the minimum threshold is not reached, no shares will be allocated.

FREE PERFORMANCE-BASED SHARE ALLOCATION PLAN OF 25 NOVEMBER 2014

On 25 November 2014, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2014. This involves allocating a total of 1,000 shares to a single beneficiary. This allocation is subject to the beneficiary remaining employed by the Group and to performance conditions identical to those of the free performance-based share allocation plan of 2 July 2014 (see § above).

FREE PERFORMANCE-BASED SHARE ALLOCATION PLAN OF 27 MARCH 2015

On 27 March 2015, the Management Board decided to allocate free shares subject to performance criteria pursuant to the authorisation granted at the Extraordinary General Meeting of 12 September 2014. This involves allocating a total of 4,000 shares to two beneficiaries. This allocation is subject to the beneficiary remaining employed by the Group and to performance conditions identical to those of the free performance-based share allocation plan of 2 July 2014 (see § above).

■ PLAN FEATURES

Allocation	Free performance-based shares					Free shares
Date of authorisation by the AGM	14/09/2012	12/09/2013	12/09/2014	12/09/2014	14/09/2011	14/09/2012
Date of Management Board meeting	24/10/2012	02/07/2014	25/11/2014	27/03/2015	05/03/2012	15/01/2013
Date ownership of free shares transferred to French tax residents	24/10/2014	02/07/2016	n/a	27/03/2017	05/03/2014	15/01/2015
Date ownership of free shares transferred to non-French tax residents	n/a	02/07/2018	25/11/2018	27/03/2019	05/03/2016	15/01/2017
Vesting date of free shares	24/10/2016	02/07/2018	25/11/2018	27/03/2019	05/03/2016	15/01/2017
Total number of shares allocated at 31 March 2014	**7,500**	**-**	**-**	**-**	**27,014(1)**	**68,142**
Number of shares allocated during the period	-	135,106	1,000	4,000	-	-
Number of shares cancelled during the period	(4,624)	(2,700)	(1,000)		(1,972)	(2,848)
Total number of shares vested during the period under this plan	(2,876)	-	-	-	-	(34,654)
Total number of shares allocated at 31 March 2015	**-**	**132,406**	**-**	**4,000**	**25,042**	**30,640**
Terms and conditions of share allocation under the plan	Determination of % of shares vested at 24/10/2014	Determination of % of shares vested at 02/07/2016	Determination of % of shares vested at 25/11/2016	Determination of % of shares vested at 27/03/2017	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought

(1) The amount published at 31 March 2014 corresponded to the total number of shares lapsed since inception, instead of consisting solely of the number of shares lapsed during the 2013-2014 financial year. (No significant impact on the valuation of the 05/03/2012 plan published at 31 March 2014).

5.2 SHARE PREMIUM

The share premium represents the difference between the nominal value of securities and the amount, net of costs, received in cash or kind at the time of the issue.

6. Regulated provisions and provisions for liabilities and charges

	At 1 April 2014	Charges	Used reversals	Unused reversals	At 31 March 2015
Accelerated depreciation	-	-	-	-	-
REGULATED PROVISIONS	**-**	**-**	**-**	**-**	**-**
Provision for exchange risk	759	424	(759)		424
Provisions for taxes	-	-	-	-	-
Provisions for litigation	402	411	-	-	813
Provisions for option plans(1)	3,707	4,109	(1,538)	(201)	6,077
Provisions for employee compensation	15	8	-	-	23
PROVISIONS FOR LIABILITIES AND CHARGES	**4,883**	**4,952**	**(2,297)**	**(201)**	**7,337**

(1) This item primarily includes provisions for option plans of EUR 6,077 thousand. This provision consists of EUR 1,097 thousand for the subscription option plan of 5 March 2012, EUR 1,846 thousand for the subscription option plan of 15 January 2013, EUR 3,133 thousand for the free performance-based share plan of 2 July 2014 and EUR 1 thousand for the free performance-based share plan of 27 March 2015.

7. Loans and borrowings

	Less than 1 year	More than 1 year	At 31 March 2015	At 31 March 2014
Bond-type borrowings(1)	1,595	56,927	58,522	58,182
Loans and borrowings from credit institutions(2)	208,588	327,526	536,114	649,509
Employee profit-sharing	-	65	65	65
Other financial liabilities	-	-	-	-
Credit current accounts(3)	417,092	-	417,092	520,518
TOTAL	**627,275**	**384,518**	**1,011,793**	**1,228,274**

(1) Bond-type issue (US private placement).
(2) Of which EUR 130 million Schuldschein-type loan (private placement under German law), EUR 225 million loan granted by the bank pool, EUR 3.8 million loan taken from OSEO in June 2014, EUR 0.3 million in interest due in respect of financial debt and bank overdrafts of EUR 177 million.
(3) Of which cash advances of EUR 240.7 million received from subsidiaries, cash pooling advances of EUR 175.6 million and advances of EUR 0.8 million related to the forfeiting programme.

On 28 January 2015, Faiveley Transport refinanced its syndicated loan and part of its bilateral revolving facilities, replacing them with a new syndicated loan. This new facility comprises a five-year, amortisable loan of EUR 225 million and a multi-currency revolving facility of EUR 125 million. This refinancing enables the Group to increase its financial flexibility, improve its borrowing terms and extend the average maturity of financing while expanding its banking pool.

In respect of all its sources of financing and following the renegotiation of the syndicated loan, Faiveley Transport Group must now comply with the following four financial conditions:

- leverage ratio "Consolidated Net Debt/Consolidated EBITDA", which must be less than 3;
- gearing ratio "Consolidated Net Debt/Equity", which must be less than 1.5;
- total bank guarantees, which must be less than 22% of the order book;
- "Consolidated EBITDA/Cost of Consolidated Net Financial Debt", which must exceed 3.5.

Non-compliance with one of these covenants may result in the debt becoming immediately repayable.

The calculation of banking ratios for the "USPP" and "Schuldschein" loans is based on accounting standards applicable at the balance sheet date. The calculation of banking ratios for the Syndicated Credit loan is based on accounting standards applicable at the date the contract was signed.

At 31 Mars 2015, ratios were as follows for the various sources of financing:

At 31 March 2015	Banque Postale loan	Syndicated credit	US private placement	Schuldschein loan
"Consolidated Net Debt/Consolidated EBITDA" ratio	1.59	1.49	1.68	1.58
"Net Financial Debt/Consolidated Equity" ratio	0.26	n/a	0.28	0.26
Bank guarantees/order book	12.4%	n/a	n/a	n/a
"Consolidated EBITDA/Cost of Consolidated Net Financial Debt" ratio	10.02	10.65	10.05	10.05

8. Other liabilities

	Less than 1 year	More than 1 year	At 31 March 2015	At 31 March 2014
Trade payables	17,276	-	17,276	14,854
Tax and social security liabilities	8,360	-	8,360	9,084
Tax consolidation	1,857	-	1,857	4,493
Other liabilities	686	-	686	958
TOTAL	**28,179**	**-**	**28,179**	**29,389**

9. Deferred expenses

Nil.

10. Accrued expenses and accrued income

10.1 ACCRUED EXPENSES

Accrued expenses included in the following balance sheet headings	2014/2015	2013/2014
Borrowings and financial debt	1,908	1,625
Trade payables	4,081	3,737
Tax and social security liabilities	5,476	4,749
Liabilities for non-current assets	8	236
Other liabilities	570	634
TOTAL	**12,043**	**10,981**

10.2 ACCRUED INCOME

Accrued income included in the following balance sheet headings	2014/2015	2013/2014
Receivables from equity investments	334	501
Trade receivables	36,543	30,358
Other receivables(1)	-	2,100
Trade payables	-	-
Tax and social security receivables	392	-
Cash and cash equivalents	-	-
TOTAL	**37,269**	**32,959**

(1) Of which EUR 2,100 thousand in dividends at 31 March 2014.

11. Prepaid expenses and deferred income

	2014/2015	2013/2014
Operating expenses	1,080	1,119
Financial expenses	-	-
Exceptional expenses	-	-
PREPAID EXPENSES	**1,080**	**1,119**
Operating income	-	-
Financial income	-	-
Exceptional income	-	-
DEFERRED INCOME	**-**	**-**

12. Comments on the income statement

Faiveley Transport continues its activities of providing services to the Group as the holding company. Sales in 2014/2015 increased by EUR 5.1 million compared with the previous financial year, namely EUR 67.4 million vs. EUR 62.2 million.

Costs incurred by Faiveley Transport for services provided to subsidiaries were rebilled. The operating loss was nevertheless EUR 3.4 million, compared with a profit of EUR 0.2 million in 2013/2014. This fall in operating profit was primarily due to an increase in the workforce, either employed by or made available to the holding company and associated costs.

The net financial income was EUR 42.8 million, compared with EUR 46.2 million in the previous year.

Over the 2014/2015 financial year, Faiveley Transport recorded an income tax gain of EUR 1.2 million. This gain includes the French tax consolidation income of EUR 3.6 million, offset by the EUR 1.8 million corporate tax charge of the German subsidiaries, Faiveley Transport Holding GmbH & Co. KG and Faiveley Transport Leipzig GmbH & Co. KG, as well as miscellaneous taxes of EUR 0.6 million.

As a result, Faiveley Transport's net profit for the 2014/2015 financial year totalled EUR 40.7 million, down EUR 2.4 million compared with the previous financial year.

13. Analysis of sales by segment and geographic area

Segment	2014/2015	2013/2014
Provision of services	67,358	62,209
Leases	2	2
TOTAL	**67,360**	**62,211**

Geographic area	2014/2015	2013/2014
France	19,001	19,053
EU	33,878	31,149
Non-EU	14,481	12,009
TOTAL	**67,360**	**62,211**

14. Research and development costs

None in Faiveley Transport's parent company financial statements.

15. Personnel costs

	2014/2015	2013/2014
Salaries(1)	15,251	15,582
Social security charges	5,357	4,966
TOTAL	**20,608**	**20,548**

(1) Of which net charges related to share subscription and free share allocation plans of EUR 3,255 thousand and EUR 4,849 thousand at 31 March 2015 and 31 March 2014 respectively.

16. Net financial income

	2014/2015	2013/2014
Dividends received	51,675	52,693
Income from marketable securities	392	30
Interest on current accounts, loans, borrowings and overdrafts	(10,076)	(8,853)
Realised foreign exchange gains and losses	(111)	1,953
Charges and reversals on financial investments	317	(245)
Other financial income and charges	587	648
NET FINANCIAL INCOME	**42,784**	**46,227**

The net financial income was EUR 42.8 million, compared with EUR 46.2 million in the previous year. In 2014/2015, dividends of EUR 51.7 million were collected compared with EUR 52.7 million, a decrease of EUR 1 million.

Excluding dividends, net financial income fell by EUR 2.4 million, mainly due to a EUR 1.4 million increase in interest expense on financial debt, an unfavourable foreign exchange impact of EUR 2 million, partly offset by investment income of EUR 0.6 million and EUR 0.3 million reversal of financial provisions.

17. Net exceptional income/(expense)

	2014/2015	2013/2014
Income/(expense) on exercise of options	-	206
Other	-	(38)
NET EXCEPTIONAL INCOME/(EXPENSE)	**-**	**168**

18. Income tax

18.1 ANALYSIS OF INCOME TAX BETWEEN THE CURRENT TAX CHARGE, EXCEPTIONAL INCOME AND ACCOUNTING PROFIT

	Before tax	Income tax	After tax
Profit from ordinary activities	39,432	-	39,432
Net exceptional income/(expense)	-	-	-
Foreign tax and miscellaneous	-	(2,373)	(2,373)
Tax consolidation gains	-	3,593	3,593
ACCOUNTING PROFIT/(LOSS)	**39,432**	**1,220**	**40,652**

18.2 TAX CONSOLIDATION

Faiveley Transport heads a tax consolidation group that comprises Faiveley Transport Tours, Faiveley Transport Amiens, Faiveley Transport Gennevilliers and Faiveley Transport NSF.

Each member of the tax group books its own tax charge as a standalone company. Tax savings or charges achieved as part of this tax consolidation are recognised and retained by the parent company.

Over the 2015 financial year, Faiveley Transport recorded an income tax gain of EUR 1.2 million. This gain includes the French tax consolidation income of EUR 3.6 million, offset by the EUR 1.8 million corporate tax charge of the German subsidiaries, Faiveley Transport Holding GmbH & Co. KG and Faiveley Transport Leipzig GmbH & Co. KG, as well as miscellaneous taxes of EUR 0.6 million.

The French tax consolidation income of EUR 3.6 million corresponds to the amount of EUR 5.1 million paid to Faiveley Transport by its consolidated French subsidiaries, less the EUR 1.5 million tax charge of the tax consolidation.

Without the tax consolidation, the tax charge of Faiveley Transport alone would have been EUR 9.7 million.

At 31 March 2015, tax losses carried forward were EUR 1.2 million. Since these losses originated prior to the merger between Faiveley SA and Faiveley Transport, they may only be offset against Faiveley Transport's future profits.

18.3 EXCEPTIONAL TAX ASSESSMENTS

Nil.

18.4 DEFERRED AND UNREALISED TAX POSITION

Description	Amount
Taxes payable on:	
Regulated provisions:	-
Provisions for price increases	-
TOTAL INCREASE	**-**
Prepaid tax on non-deductible timing differences (deductible in subsequent year):	
Paid holidays	1,154
Charge to non-deductible provisions	-
Liability translation adjustment	827
Organic contribution	16
TOTAL DECREASE	**1,997**
NET DEFERRED TAX POSITION	**1,997**

19. Translation differences

Positive and negative translation differences arise on the translation of trade receivables and payables and on borrowings, loans and foreign currency denominated bank accounts at balance sheet date exchange rates.

Type of translation difference	Unrealised losses (assets)	Provision for exchange loss	Unrealised gains (liabilities)
Subsidiary loans	-	-	-
Subsidiary borrowings	-	-	-
Bank borrowings	-	-	-
Foreign currency-denominated current accounts	-	-	-
Foreign currency-denominated trade receivables	269	269	826
Foreign currency-denominated trade payables	155	155	-
TOTAL	**424**	**424**	**826**

D. OTHER INFORMATION

1. Post-balance sheet events

In application of the terms and conditions of the agreement of 23 December 2014 between Faiveley Transport and the minority shareholders in Faiveley Transport Schweiz AG, the legal and financial transfer of 10% of shares held by minority shareholders to Faiveley Transport will take place in the first quarter of the 2015/2016 financial year. The remaining 10% equity interest will be transferred in the first quarter of the 2016/2017 financial year.

On 9 April 2015, Faiveley Transport and the subsidiary of SMRT, Singapore Rail Engineering (SRE), signed a joint venture agreement for the marketing and provision of maintenance, repair and overhaul services (MRO) for rolling stock in South-East Asia (excluding Thailand, Taiwan and Hong Kong). The new company, called Faiveley Rail Engineering Singapore Pte Ltd., will market and supply brakes, access doors, platform screen doors, heating, ventilation and air conditioning (HVAC) systems, and auxiliary power supply (APS) systems to MRO Services.

2. Information on non-tax deductible charges

Non-tax deductible expenses were EUR 30,000 at 31 March 2015.

3. Average workforce

The average workforce includes employees allocated to international offices.

	2014/2015	2013/2014
Managers and executives	92	86
Supervisors	1	9
Employees	9	10
TOTAL WORKFORCE	**102**	**105**

4. Directors' remuneration and fees

During the 2014/2015 financial year, members of the Group's management bodies received a total of EUR 1,515,037 in direct and indirect remuneration of any nature.

5. Transactions with related companies and parties

WITH RELATED COMPANIES

Share of financial investments, receivables, payables, income and expenses concerning related parties:

Related companies	2014/2015	2013/2014
Equity investments	496,068	550,188
Receivables from equity investments	105,562	125,443
Trade receivables	48,079	45,873
Other receivables	-	2,099
Loans and other borrowings	417,091	520,517
Trade payables	14,258	12,194
Other liabilities	1,857	4,493
Provision of services	67,294	62,334
Operating expenses	30,326	27,119
Financial expenses	1,095	2,432
Financial income	53,812	56,713

3

WITH RELATED PARTIES

Apart from the transactions carried out with related parties not covered by law, all significant transactions were concluded at arm's length.

Agreements with related parties are set out in a note to the consolidated financial statements (Note 33 – Transactions with related parties).

6. Off-balance sheet commitments

6.1 COMMITMENTS GIVEN

	2014/2015	2013/2014
Deposits, securities and guarantees given to financial institutions	50,859	33,392
Retirement benefits(1)	1,127	681
Parent company guarantees	540,694	403,402

(1) Retirement assumptions:
The discount rates are determined by reference to the yields on AAA bonds for the equivalent periods to the commitments at the date of valuation.

The assumptions adopted in the calculation of the retirement commitments are disclosed in the table below:

	2014/2015	2013/2014
Discount rate	1.30%	2.85%
Inflation rate	2.00%	2.00%
Average rate of salary increase	2.50%	2.50%

6.2 LONG-TERM LEASE COMMITMENTS

Leases	Amounts
Lease payments for the financial year	626
TOTAL	**626**
Lease payments due:	
• less than 1 year	846
• 1 to 5 years	3,384
• more than 5 years	1,692
TOTAL	**5,922**

6.3 HEDGING COMMITMENTS

Interest rate risk

The syndicated debt, excluding the revolving facility, is indexed on Euribor variable rates. The "SSD Schuldschein" private placement includes several maturities, some of which are indexed on a variable rate, others bearing a fixed rate. This debt may be hedged in accordance with the Group's interest rate risk policy. All revolving facilities, drawn or undrawn, bear a variable rate and are not subject to interest hedges. The same applies to the US private placement bond issue, which bears a fixed rate.

To manage its risk, the Treasury Department has implemented a hedging strategy using interest rate swaps and options.

The exposure of interest rates on loans in Euros is hedged for between 77% and 98%, depending on interest rate fluctuations for the period 2015/2016.

The US dollar denominated debt comprising the "US Private Placement" bond issue exclusively bears fixed rates.

The estimated cost of the Euro-denominated syndicated debt and "Schuldschein" loan is 1.71% for the 2015/2016 period, hedges and spreads included. The estimated cost of the US-denominated debt is estimated at 4.91%. The total cost of the Group's debt for 2015/2016 is therefore estimated at 2.24%.

Considering the amortisation profile of the syndicated facility, the "Schuldschein" loan and interest rate hedges, the net exposure of the Euro-denominated debt at 31 March 2015 was as follows:

	Financial liabilities		Hedge instruments		Net hedged variable rate exposure	
Euro-denominated debt	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Under 1 year	-	30,000	30,000	-	30,000	-
1 to 2 years	-	30,000	30,000	-	30,000	-
2 to 3 years	-	30,000	30,000	-	30,000	-
More than 3 years	67,500	197,500	50,000	-	117,500	147,500
TOTAL EUR	**67,500**	**287,500**	**140,000**	**-**	**207,500**	**147,500[1]**

(1) Sensitivity analysis of net exposure (EUR 147.5 million): A 100 basis points increase in both the reference "Euribor 3 months" and "Euribor 6 months" interest rates would result in a full-year increase of EUR 1.5 million in interest expense.

Given the amortisation profile of the syndicated credit, the US private placement and interest rate hedges, the net exposure of the US dollar-denominated debt at 31 March 2015 was as follows:

	Financial liabilities		Hedge instruments		Net hedged variable rate exposure	
USD-denominated debt	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Under 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 3 years	3,600	-	-	-	3,600	-
More than 3 years	71,400	-	-	-	71,400	-
TOTAL USD	**75,000**	**-**	**-**	**-**	**75,000**	**-**

The following table summarises the interest rate risk exposure for the 2015/2016 period:

Amount of debt *(EUR thousands)*	**Currency**	**Maximum exposure**	**Estimated cost of debt**
355,000	EUR	23%	1.71%
75,000	USD	0%	4.91%

Foreign exchange risks

The Group operates in foreign countries and is therefore exposed to exchange risk as a result of various foreign currency exposures.

The main currencies concerned are the US Dollar, the Hong Kong Dollar, the Czech Koruna, the Swedish Krona, the Pound Sterling and the Chinese Yuan.

The management of the exchange risk of commercial contracts is centralised in the Faiveley SA Treasury Department and comprises two parts: certain and uncertain risk.

EXCHANGE RISK MANAGEMENT RELATING TO TENDERS IN FOREIGN CURRENCIES (UNCERTAIN RISK)

Faiveley Transport Group is required to submit tenders denominated in foreign currencies. The Group's hedging policy is not to use hedge instruments during the offer phase, unless when specifically decided by Management. The aim is to manage the exchange risk through normal commercially available means. If necessary, the Group Treasury Department would mainly use exchange options.

EXCHANGE RISK MANAGEMENT RELATING TO COMMERCIAL CONTRACTS (CERTAIN RISK)

Commercial contracts in foreign currencies (most often successful tenders) are hedged by the Group Treasury Department from contractual commitment. Instruments used mainly include forward purchases and sales and exchange swaps. Group Treasury may also use options.

The Group's policy is to systematically hedge the full value of future transactions expected in every major currency. The minimum trigger threshold for a foreign exchange hedge is EUR 250 thousand.

Various cash flows are hedged for a minimum of 80% of the annual budget.

In addition to commercial contracts, all financial positions and management fees deemed significant are hedged.

GROUP EXPOSURE RESULTING FROM COMMERCIAL CONTRACTS AT 31 MARCH 2015

Amounts in currency thousands	Trade receivables (a)	Trade payables (b)	Commitments (c)	Net position before hedging (d) = (a)-(b)-(c)	Hedge instruments (e)	Net unhedged position (f) = (d)-(e)
Australian Dollar	6,622	-	(552)	6,070	6,141	(71)
Canadian Dollar	-	-	(7,783)	(7,783)	(7,783)	-
Swiss Franc	-	-	(522)	(522)	(522)	-
Chinese Yuan	87,190	(10,687)	65,094	141,597	141,226	371
Czech Koruna	2,680	(64,558)	(778,925)	(840,803)	(840,579)	(224)
Pound Sterling	796	(175)	1,545	2,165	1,915	250
Hong Kong Dollar	33,573	(153,744)	(206,438)	(326,609)	(311,262)	(15,347)
Norwegian Krone	2,719	-	4,757	7,476	7,477	(1)
Polish Zloty	-	-	3,114	3,114	3,114	-
Russian Rouble	-	(2,315)	67,433	65,118	65,195	(77)
Swedish Krona	2,695	(24,260)	(74,270)	(95,835)	(98,316)	2,480
Singapore Dollar	4,006	(790)	2,176	5,392	5,392	-
US Dollar	1,720	(4,030)	119,772	117,462	117,480	(18)

FORWARD SALES USED TO HEDGE FINANCIAL AND BUSINESS TRANSACTIONS AT 31 MARCH 2015

	EUR thousands	Currency thousands	Fair value
Norwegian Krone	859	7,477	-
Swedish Krona	18,614	173,927	(101,607)
Czech Koruna	12,151	334,422	(94,130)
Australian Dollar	22,949	32,644	(22,500)
Hong Kong Dollar	138,090	1,184,054	(3,794,465)
Singapore Dollar	17,156	25,346	525,286
US Dollar	323,887	354,735	(5,397,442)
Swiss Franc	680	820	(105,510)
Pound Sterling	28,011	20,536	(142,730)
Indian Rupee	833	58,155	(34,964)
Russian Rouble	2,459	153,876	(4,902)
Chinese Yuan	31,291	219,828	(1,669,511)
Polish Zloty	1,010	4,280	(36,733)
TOTAL	**597,990**		**(10,879,208)**

FORWARD PURCHASES USED TO HEDGE FINANCIAL AND BUSINESS TRANSACTIONS AT 31 MARCH 2015

	EUR thousands	Currency thousands	Fair value
Swedish Krona	63,082	586,891	(23,413)
Czech Koruna	52,778	1,455,241	415,728
Australian Dollar	6,843	9,754	26,810
Hong Kong Dollar	170,115	1,448,170	3,396,058
Singapore Dollar	9,024	13,332	-
US Dollar	124,740	153,962	18,544,922
Swiss Franc	738	819	46,862
Canadian Dollar	5,665	7,783	-
Pound Sterling	56,355	40,763	(391,617)
Indian Rupee	10,899	969,650	2,529,455
Russian Rouble	1,599	106,752	(39,061)
Korean Won	3,403	4,503,800	(338,669)
Chinese Yuan	135,767	954,624	6,186,624
Polish Zloty	2,593	10,854	55,810
TOTAL	**643,601**		**30,409,509**

Derivative instruments

The fair value of derivative instruments used to hedge against foreign exchange, interest rate and raw material risks is as follows:

At 31 March 2015	Financial instruments assets	Financial instruments liabilities
Interest rate hedges(1)	**-**	**849**
Raw material hedges(1)	**41**	**-**
Foreign exchange hedges	**35,965**	**16,998**
• *fair value hedges*	*17,685*	*10,190*
• *cash flow hedges*	*363*	*263*
• *not eligible for hedge accounting*	*17,917*	*6,545*
TOTAL	**36,006**	**17,847**

(1) Cash flow hedges.

At 31 March 2014	Financial instruments assets	Financial instruments liabilities
Interest rate hedges[1]	-	**1,512**
Raw material hedges[1]	-	**35**
Foreign exchange hedges	**2,979**	**6,201**
• *fair value hedges*	*2,284*	*2,822*
• *cash flow hedges*	*20*	*33*
• *not eligible for hedge accounting*	*675*	*3,346*
TOTAL	**2,979**	**7,748**

(1) Cash flow hedges.

7.4 COMMITMENTS RECEIVED

Nil.

7. Statutory Auditors' fees

Statutory Auditors' fees are included in Note 37 to the 2014/2015 consolidated financial statements.

8. List of subsidiaries and equity investments (EUR thousands)

Subsidiary	Share capital	Equity (other than share capital)	% of share capital held	Value of shares held	Net value of shares held	Loans and advances	Guarantees and commitment issued	Sales excluding tax	Dividends received
Faiveley Transport Amiens	8,100	57,443	100	20,000	20,000	-	10,025	102,765	9,990
Faiveley Transport NSF	983	11,856	100	12,758	12,758	-	1,081	26,684	3,001
Faiveley Transport Tours	39,965	56,200	100	39,422	39,422	-	12,841	163,559	7,513
Faiveley Transport Gennevilliers	5,000	1,088	100	5,000	5,000	13,063	-	11,929	-
Sofaport	96	(74)	60	36	36	-	-	-	-
Faiveley Transport Plzen	7	673	100	6	6	-	-	2,280	-
Faiveley Transport USA Inc.	1	113,911	100	36,706	36,706	9,930	11,839	-	-
Qingdao Faiveley Sri Rail Brake Co. Ltd.	4,497	26,329	50	1,486	1,486	-	11,787	72,744	-
Datong Faiveley Couplers Systems Co. Ltd.	750	551	50	237	237	-	-	2,417	-
Faiveley Transport Asia Pacific Co. Ltd.	-	(15)	100	-	-	-	-	-	-
Leipzig GmbH & Co KG	16,000	29,199	100	23,111	23,111	-	102,033	95,033	8,000
Faiveley Transport Nowe GmbH	125	2,443	75	3,887	3,887	187	401	7,775	-
Faiveley Transport Holding GmbH & Co KG	10	141,302	100	90,010	90,010	-	-	-	10,000
Shijiazhuang Jiaxiang Precision Machinery Co. Ltd.	5,397	6,618	50	1,892	1,892	-	2,249	26,882	1,290
Faiveley Transport Ibérica SA	871	29,740	100	1,390	1,390	21,400	3,731	49,427	-
Faiveley Transport Do Brasil Ltda.	5,960	10,933	100	4,258	4,258	-	1,430	17,929	-
Faiveley Transport Italia Spa.	1,424	104,131	98,70	48,365	48,365	19,869	29,990	158,860	-
Faiveley Transport Tamworth Ltd.	69	9,021	100	66	66	-	1,283	9,128	-
Faiveley Transport Far East Ltd.	10,369	(20,817)	100	8,503	8,503	22,802	59,410	41,060	-
Lekov a.s.	1,939	9,375	100	5,884	5,884	-	1,291	31,925	-
Faiveley Transport FMPR	-	366	48	486	486	-	-	2,212	-
Faiveley Transport Canada Ltd.	-	(628)	100	-	-	5,992	62,801	5,504	-
Schwab Verkehrstechnik AG	1,434	10,539	100	29,711	29,711	-	151	20,308	-
Faiveley Transport Schweiz AG	96	4,599	80	2,926	2,926	-	-	8,063	885
Faiveley Transport Systems Technology (Beijing) Co. Ltd.	4,761	(3,036)	100	3,500	3,500	-	6,294	16,009	-
Faiveley Transport Belgium NV	248	2,756	100	-	-	-	-	6,851	996
Faiveley Transport Malmo AB	11,195	161,920	100	156,409	156,409	-	-	-	10,000
Faiveley Transport Service Maroc	9	(1)	100	9	9	-	-	699	-
Faiveley Transport South Africa(1)	-	-	100	-	-	-	-	-	-

(1) Company without any activity.

3.7.5 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended March 31st 2015, on:

- the audit of the accompanying financial statements of Faiveley Transport;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I - Opinion on the financial statements

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

In our opinion, the financial statements provide a true and fair view of the assets and liabilities and of the financial position of the Company and the results of its operation for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirement of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

The Notes B.3.1 and B.3.3 to the financial statements present accounting rules and methods used by your Company in order to value and depreciate the technical loss as well as equity securities. We have assessed the relevance of these methods. We also assessed approaches and assumptions used by the Company, as described in the financial statements, in order to estimate book values on the basis of the latest available information. We conducted tests of implementation to assess the application of these methods.

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

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with the French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Dijon, June 26 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Expertise Comptable et Audit
Philippe Vincent	Jérôme Burrier

3.8 ADDITIONAL ITEMS WITH REGARD **TO THE APPROVAL OF FINANCIAL STATEMENTS**

3.8.1 PARENT COMPANY SALES AND RESULTS

For the year to 31 March 2015, the Company reported sales of EUR 67,359,553, compared with EUR 62,210,981 for the year ended 31 March 2014.

The 2014/2015 operating loss was EUR 3,352,157 compared with a profit of EUR 167,568 in the previous financial year.

For the year to 31 March 2015, net exceptional income was nil, as against EUR 168,147 for the year ended 31 March 2014.

Faiveley Transport SA's 2014/2015 net profit totalled EUR 40,651,829.63, in comparison with EUR 43,065,385.44 in 2013/2014.

Shareholders' equity was EUR 251,228,422.51, compared with EUR 222,030,728 at the end of the previous financial year.

The presentation rules and valuation methods used for the preparation of the parent company's financial statements are unchanged from those adopted in previous financial years.

3.8.2 PROPOSED ALLOCATION OF NET PROFIT

The Management Board informs the shareholders that at 31 March 2015:

- the legal reserve was EUR 1,461,415.20 with share capital of EUR 14,614,152 and represented one tenth of the share capital at 31 March 2015;
- the 14,614,152 shares comprising the share capital have been fully paid up;
- the net profit for the financial year ended 31 March 2015 was EUR 40,651,829.63;
- "retained earnings" totalled EUR 89,546,614.86;
- and that as a result, the Company's distributable profits amounted to EUR 130,198,444.49.

The Management Board will propose to the General Meeting to allocate these profits as follows:

- by way of dividend, an amount of EUR 0.90 per share, resulting in a total of EUR 13,152,736.80;
- with the balance of EUR 27,499,092.83 to be transferred to "Retained earnings".

The dividend will be payable from 5 October 2015. Taking account of this allocation, the Company shareholders' equity will be EUR 238,075,685.71.

3.8.3 DIVIDENDS PAID IN RESPECT OF THE LAST THREE YEARS

Pursuant to the provisions of Article 243(ii) of the General Tax Code, the General Meeting notes that the following dividends were paid in respect of the last three financial years:

FY	Total distributed	Number of shares concerned	Dividend per share
2013/2014	EUR 11,454 K	14,317,669	EUR 0.80
2012/2013	EUR 13,541 K	14,255,145	EUR 0.95
2011/2012	EUR 12,062 K	14,190,432	EUR 0.85

Where, upon payment of these dividends, the Company holds any treasury shares, the distributable profit corresponding to the unpaid dividend due to the holding of the said shares will be allocated to "retained earnings".

3.8.4 INFORMATION ON NON-TAX DEDUCTIBLE CHARGES

Non-tax deductible charges at 31 March 2015 amounted to EUR 30,000. They generated a tax charge of EUR 10,329.

3.8.5 SUBSIDIARIES AND EQUITY INVESTMENTS

The table of subsidiaries and equity investments is shown in Paragraph 3.7 (Note D – point 8) – Parent company financial statements of this Registration Document.

3.8.6 INFORMATION ON PAYMENT TERMS

At 31 March 2015, trade payables in the balance sheet totalled EUR 11,390 thousand related to Group companies.

The ageing analysis was as follows:

	30 days	60 days	60 days +	Total
Trade payables at 31 March 2014	1,939	8,801	397	11,138
TRADE PAYABLES AT 31 MARCH 2015	**1,412**	**11,163**	**612**	**13,187**

3

3.8.7 FAIVELEY TRANSPORT FIVE-YEAR FINANCIAL SUMMARY

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Share capital at year-end					
Share capital	14,404,711	14,614,152	14,614,152	14,614,152	14,614,152
Number of ordinary shares issued	14,404,711	14,614,152	14,614,152	14,614,152	14,614,152
Share par value	1	1	1	1	1
Number of preferred dividend shares issued	-	-	-	-	-
Maximum number of shares to be issued	-	-	-	-	-
Operations and results for the financial year	-	-	-	-	-
Sales (ex VAT)	48,860,272	52,681,294	56,747,369	62,210,981	67,359,553
Profit before tax, amortisation, depreciation and provision charges and profit-sharing	(3,091,896)	(10,825,972)	32,222,843	47,591,107	40,177,813
Income tax	(741,771)	(834,864)	4,534,414	3,497,043	(1,219,946)
Employee profit-sharing for the period	-	-	-	-	-
Profit after tax, amortisation, depreciation and provision charges and profit-sharing	(1,757,424)	(10,998,977)	26,762,496	43,065,385	40,651,830
Cash dividends paid(1)	17,285,653	12,422,029	13,883,444	11,691,322	13,152,737
Earnings per share					
Earnings per share after tax, but before amortisation, depreciation and provision charges	(0.16)	(0.68)	1.89	3.02	2.75
Earnings per share after tax and amortisation, depreciation and provision charges	(0.12)	(0.75)	1.83	2.95	2.78
Cash dividend per share	1.20	0.85	0.95	0.80	0.90
Workforce					
Average workforce for the period	89	78	89	105	102
Total payroll for the period	11,169,044	11,694,975	12,258,214	15,582,418	15,251,069
Total sums paid as employee benefits over the period (social security contributions, charities, etc.)	4,108,527	3,982,742	4,174,993	4,966,252	5,356,613

(1) Subject to approval at the Ordinary General Meeting.

CORPORATE GOVERNANCE

4

4.1 COMPOSITION OF THE **MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

4.1.1 MANAGEMENT BOARD

4.1.1.1 COMPOSITION OF THE MANAGEMENT BOARD

Pursuant to the bylaws (Articles 15 to 18), the Management Board comprises between three and seven members, selected or not from among the shareholders and appointed by the Supervisory Board, which confers on one of them the position of Chairman. The members of the Management Board must be individuals.

The Management Board is appointed for a period of three years by the Supervisory Board, which may replace members who have died or resigned, in accordance with the law.

No individual may be appointed as a member of the Management Board if they do not meet the conditions of qualification required by Directors of public limited companies, if they have been deemed incompatible, in default or subject to a prohibition forbidding them access to these functions, if they are a Statutory Auditor to the Company, were or are a parent or related under the conditions set by the Commercial Code, if they are a member of the Supervisory Board, if they already are a member of the Management Board of another company or if they chair another public limited company (unless otherwise provided for by the French Commercial Code).

Every member of the Management Board must be under 65 years old. If this age limit is reached in office, the Director in question is considered to have resigned and a new Director will be appointed as provided by this Article.

Every member of the Management Board may be linked to the Company through an employment contract that remains in force during the term of office and upon its expiry. Members of the Management Board may be reappointed. With regard to the Chairman of the Management Board, the Company is in compliance with the AFEP/MEDEF recommendations and in the event of the appointment of an employee as Chairman of the Management Board, the employment contract of the party concerned is terminated, either through contractual termination or resignation.

In accordance with the bylaws, the Chairman who is granted the power to represent the Company carries the title “Chairman and Chief Executive Officer”.

There are no family relationships between members of the Management Board.

On 7 April 2014, the Supervisory Board appointed Stéphane Rambaud-Measson as Chairman of the Management Board and Chief Executive Officer of the Faiveley Transport Group to replace Thierry Barel.

Management Board members' corporate management expertise and experience and terms of office over the past five years

STÉPHANE RAMBAUD-MEASSON

Chairman of the Management Board since 7 April 2014
Chief Executive Officer of Faiveley Transport Group

Born 18 October 1962
Nationality: French
Appointment date: 7 April 2014
Current term of office expires: Supervisory Board meeting to review the financial statements for the year ending 31 March 2017

PROFILE

On 7 April 2014, Stéphane Rambaud-Measson was appointed Chairman of the Management Board and Faiveley Transport Chief Executive Officer having joined the Group in March 2014 as Group Executive Vice President. He began his professional career in 1987, at Sagem in France and then in the United-States (California) before joining the Division On-board data systems of Alstom Transport in 1990. He then held various management positions in the Traction systems and Electronic systems Divisions and was appointed, in 1998, to the Executive Committee of Alstom Transport. In 2004, he joined Bombardier Transport as Group Vice-President Project Management & Administration and was member of the Management Committee before being appointed President of Mainline & Metro in 2005 and then President of the Passengers Division in 2008. Before joining Faiveley Transport Group, he was Chief Executive Officer of Veolia Verkehr in Germany. Stéphane Rambaud-Measson is a graduate from *l'École Supérieure des Arts et Métiers* (ENSAM) as well as *Supélec*.

OTHER APPOINTMENTS WITHIN THE GROUP FROM 7 APRIL 2014

Chairman of the Board of Directors of:
Faiveley Transport USA
Faiveley Transport Italia
Graham-White Manufacturing
Faiveley Transport Iberica

Director of:
Faiveley Transport Tamworth
Amsted Rail-Faiveley

Manager of:
Faiveley Transport Verwaltungs

OTHER CURRENT APPOINTMENTS:

Chairman of the Supervisory Board of Veolia Verkehr
Member of the Board of Directors of ESCP Berlin

ERWAN FAIVELEY

Member of the Management Board
Chief Executive Officer of FFP, holding company of the Faiveley Family

Born 27 July 1979
Nationality: French
Appointment date: 27 September 2005
Current term of office expires: Supervisory Board meeting to review the financial statements for the year ending 31 March 2017

PROFILE

Erwan Faiveley graduated from École Supérieure de Commerce de Paris and holds an MBA from the Columbia Business School. He worked with the Bacou-Dalloz Group from 2002 to 2004, before his appointment as Chairman and Chief Executive Officer of FFP, Financière Faiveley and CVVB in 2004.

OTHER CURRENT APPOINTMENTS:

Chairman of:
Financière Faiveley
Famille Faiveley Participations
Consortium Viticole & Vinicole de Bourgogne

Permanent representative of:
FFP at Société Bourguignonne d'Exploitation Viticoles

Manager of:
Domaine Dupont Tisserandot
Faiveley Frères
Faivinvest SARL
Société Civile Viticole Faiveley
SCI du Dauphiné
SCI Voir Venise
SCI du 13 square Henri Pâté

GUILLAUME BOUHOURS

Member of the Management Board
Chief Financial Officer of Faiveley Transport Group

Born 3 July 1976
Nationality: French
Appointment date: 1 April 2011
Current term of office expires: Supervisory Board meeting to review the financial statements for the year ending 31 March 2017

PROFILE

Guillaume Bouhours was appointed a member of the Management Board on 1 April 2011, having joined Faiveley Transport as Group Chief Financial Officer in August 2010. He began his career within the European Merger & Acquisition Department of investment bank Morgan Stanley. He subsequently was a Director of private equity fund Sagard. In this regard, he was involved in the decisions and monitoring of Sagard investment interests, notably in the industry and business services sectors. In particular, he was actively involved in Sagard's acquisition of a minority interest in Faiveley Transport in 2004, and in monitoring this interest until 2008, on Faiveley Transport's Steering Committee and Board of Directors (company now incorporated in Faiveley Transport SA). Guillaume Bouhours graduated from engineering schools *École Polytechnique* and *École des Mines de Paris*.

OTHER APPOINTMENTS WITHIN THE GROUP:

Member of the Supervisory Board of:
Faiveley Transport Lekov

Director of:
FMPR
Faiveley Transport Belgium
Faiveley Transport Birkenhead
Faiveley Transport Ibérica
Faiveley Transport Italia
Faiveley Transport Malmö
Faiveley Transport Nordic
Faiveley Transport Rail Technologies India
Faiveley Transport Systems Technology (Beijing)
Faiveley Transport Tamworth
Faiveley Transport Tremonisce
o.o.o Faiveley Transport
Sab Wabco
Sab Wabco D&M
Sab Wabco Investment
Sab Wabco Products
Sab Wabco UK
SW D&M Products

Manager of:
Faiveley Transport Verwaltungs

TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Member of the Supervisory Board of:
HMY International
Souriau Technologies Holding
Souriau Holding
Souriau
Stromboli Investissements

Director of:
Faiveley Transport Acquisition
Faiveley Transport Korea
Olympia Group of Companies
Transequipos

4.1.1.2 OPERATION OF THE MANAGEMENT BOARD

The Management Board is vested with all the powers necessary to manage the Company's assets and is called upon to deal with the Group's strategic and operational issues. It may, to this effect, undertake all operations and enter into all contracts of any nature and in any form committing the Company, with the exception of those concerning the transfer of fixed assets, the total or partial transfer of shareholdings, the constitution of securities as well as sureties, endorsements and guarantees which are necessarily subject to the approval of the Supervisory Board.

In this respect, it is a matter for the Management Board to consider the most important questions concerning the management and administration of the Company and to deliberate these issues.

The Management Board calls the Annual General Meeting.

The Management Board meets as often as required in the interest of the Company and/or any time one of the members deems it necessary and at least once per quarter, at the registered office or any other place specified in the notice of the General Meeting. Members of the Management Board must attend the meetings in person. Decisions must be adopted by a least two members and in the event of a disagreement between members of the Management Board, the Chairman has the casting vote.

The Management Board meeting of 29 December 2005 approved the terms of its internal regulations, by which all members are individually bound. The internal regulations specify the powers and duties of the Management Board and the procedures governing meetings and decision-making. A copy of the internal regulations is available at the registered office of the Company.

During the year ended 31 March 2015, the Management Board met 9 times and the attendance rate of members was 88.89%.

4.1.2 SUPERVISORY BOARD

Pursuant to the bylaws (Articles 19 to 22 of the bylaws), the Supervisory Board comprises a minimum of five members and a maximum of ten members.

Members of the Supervisory Board are appointed by the Annual Ordinary General Meeting of shareholders for three years but as an exception and to allow the implementation and the maintenance of staggered terms of office for members of the Supervisory Board, one third of the latter may be appointed by the General Meeting for periods of one (1) or two (2) years. Supervisory Board members may be re-appointed.

The education and professional experience of Supervisory Board members are quite varied, given that they have all held high-level management positions.

At 31 March 2015, the Supervisory Board comprised nine members, eight of which are French nationals; Nicoletta Giadrossi-Morel is an Italian national and Christopher Spencer has dual French and British nationality. The average age of the members at 31 March 2015 was 59.

Supervisory Board members' corporate management expertise and experience and terms of office over the past five years

PHILIPPE ALFROID

Chairman of the Supervisory Board

Born 29 August 1945
Nationality: French
Appointment date: 22 September 2009 (Member of the Board since 27 September 2005)
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2015

PROFILE

Philippe Alfroid joined Essilor in 1972 upon the Group's creation as a management controller. There he held several positions of operational responsibility such as Plant Manager and Division Director. He was Chief Financial Officer and then Deputy Chief Executive Officer between 1996 and 2009. He was also Chief Executive Officer of Bacou Dalloz during the 1990s.
Philippe Alfroid is a graduate from Grenoble ENSEHRMA engineer and holds a Master of Science from the Massachusetts Institute of Technology (MIT).

■ OTHER CURRENT APPOINTMENTS:

Director of:
Essilor International[1]
Essilor of America
Eurogerm
Gemalto[1]

■ TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Nil.

(1) Listed company.

4

FRANÇOIS FAIVELEY

Vice-Chairman of the Supervisory Board

Born 26 April 1951
Nationality: French
Appointment date: 27 September 2005
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2015

PROFILE

François Faiveley is a graduate from ESCAE (Business School) in Dijon. He served in operational positions within the Faiveley Transport Group during the 1990s.

OTHER CURRENT APPOINTMENT:

Director of:
Financière Faiveley

TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Nil.

DIDIER ALIX

Member of the Supervisory Board

Born 16 August 1946
Nationality: French
Appointment date: 13 September 2010
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2015

PROFILE

Didier Alix joined Société Générale in 1971, where he held a number of roles, notably within the Inspection Générale then as Head of Central Risk Control. He was also Head of Branch Offices before being promoted to Chief Executive Officer of Franfinance, then Head of Réseau France. In 1998, he became Deputy Chief Executive Officer for Individuals and Businesses, then in 2006, he became Deputy Chief Executive Officer of Société Générale. He was Advisor to the Chairman and Chief Executive Officer between 2010 and 2012.

OTHER CURRENT APPOINTMENTS:

Chairman of:
Sogébail SA

Member of the Supervisory Board of:
Société Générale Marocaine de Banques SA

Vice-Chairman of:
Fondation d'entreprise SG pour la solidarité

Director of:
Banque Roumaine de Développement SA
SG Private Banking Suisse SA
Yves Rocher SA
Rocher Participations
Crédit du Nord SA
Rémy Cointreau SA(1)
Société de Gestion Saint Jean de Passy SA
CIPM International SA
Fayat SAS

Treasurer of:
Fondation Notre Dame (Non-profit organisation)

TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Chairman of the Supervisory Board of:
Komercni Banka AS

Chairman and Chief Executive Officer of:
Sogébail SA

Director and Vice-Chairman of:
Société Générale de Banques en Côte d'Ivoire

Director of:
Franfinance
Société Générale de Banques au Cameroun
Société Générale de Banques au Sénégal
SG Private Banking Suisse
SGBT Luxembourg

(1) Listed company.

HÉLÈNE AURIOL-POTIER

Independent member of the Supervisory Board

Born 26 November 1962
Nationality: French
Appointment date: 14 September 2011
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2017

PROFILE

Hélène Auriol-Potier graduated as an engineer from the École Nationale Supérieure des Télécommunications in Paris and holds an Executive MBA from INSEAD. She started her career at France Telecom in the United States and then joined the company Nortel where she held several positions before becoming Vice-President of the Service & Operations Division. She then joined the company Dell where she was responsible for emerging markets in the Africa and Mediterranean region as Chief Operating Officer and member of the Executive Committee of Dell Emerging Markets. She subsequently joined Microsoft as Chief Executive Officer – Enterprises and Partners – and as a member of the Executive Committee of Microsoft France, and then as Chief Executive Officer of Microsoft Singapore and member of the Executive Committee of Microsoft Asia-Pacific. Since her return from Singapore, she has been Chief Executive Officer of Microsoft Dynamics Europe.

■ OTHER CURRENT APPOINTMENTS:

Director of:
IPSEN [(1)]

SERGE CHOUMAKER

Member of the Supervisory Board representing employee shareholders

Born 18 September 1959
Nationality: French
Appointment date: 13 September 2010
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2016

PROFILE

Serge Choumaker is Head of Accounting and Consolidation within the Faiveley Transport Group. He holds a DECS and joined the Faiveley Transport Group in September 2001. Previously, Serge Choumaker held management positions as Head of Accounting at the companies Lafarge and Ferembal.

CHRISTIAN GERMA

Independent member of the Supervisory Board

Born 11 February 1970
Nationality: French
Appointment date: 27 September 2005
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2016

PROFILE

Christian Germa is a graduate of the École Polytechnique and he is qualified as an Ingénieur des Ponts et Chaussées. He began his career in the Treasury Management of the Ministry of Finance, where he carried out the duties of Deputy Secretary General to the Comité Interministériel de Restructuration Industrielle (Inter-Ministerial Committee for Industrial Restructuring). He joined the Vinci Group in 2002, where he was responsible for public-private partnerships until 2014.

■ OTHER CURRENT APPOINTMENTS:

Director of:
GTI[(1)]

■ TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Director of:
Vodafone[(1)]

(1) Listed company.

NICOLETTA GIADROSSI-MOREL

Independent member of the Supervisory Board

Born 16 May 1966
Nationality: Italian
Appointment date: 14 September 2011
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2017

PROFILE

Nicoletta Giadrossi-Morel graduated in Mathematics and Economics from Yale University and holds an MBA from the Harvard Business School. She was Vice-Chairman and Chief Executive Officer of Dresser-Rand, EMEA (Europe, Middle-East, Africa) for four years and spent ten years with General Electric where she held various profit centre management roles, in particular in the "Equipment Management" and "Oil & Gas" Divisions. She has also worked in Consultancy, within the Boston Consulting Group and in private equity, and she subsequently held the position of Executive Vice President, Head of Operations at Aker Solutions asa. She is currently President of Region A at Technip.

■ OTHER CURRENT APPOINTMENTS:

Director of:
Bureau Veritas (1)

■ TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Chairman of:
SMO SAS
Ramosport
Aker Solutions asa

Manager of:
HFM

Chairman of the Board of Directors of:
Dresser Rand SAS

Director of:
Aker Process Systems SA

MAURICE MARCHAND-TONEL

Independent member of the Supervisory Board

Born 14 February 1944
Nationality: French
Appointment date: 22 September 2009
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2016

PROFILE

Maurice Marchand-Tonel is an independent consultant. On leaving Harvard Business School, he started his career with the Boston Consulting Group with whom he co-founded their French and German offices. He was subsequently appointed Chairman of Compagnie Olivier, and then Chief Executive Officer of Sommer and Chairman of Givenchy. He then managed Ciments Français International, before becoming Chairman of Transalliance until 1999. In 2000, he became a partner with Arthur Andersen, which has since become BearingPoint, where he has been Senior Advisor since 2004. Maurice Marchand-Tonel is also Senior Advisor of Wombat Capital (New York) and Newbury Piret (Boston). He is Chairman of the Board of Directors and a Founder of the European American Chamber of Commerce.

■ OTHER CURRENT APPOINTMENTS:

Chairman of the Board of Directors of:
European American Chamber of Commerce (Paris)

Director of:
European American Chamber of Commerce (New York)
Essilor International(1)

(1) Listed company.

CHRISTOPHER SPENCER

Independent member of the Supervisory Board

Born 4 November 1962
Nationalities: French-British
Appointment date: 22 September 2009
Current term of office expires: Annual General Meeting called to approve the financial statements for the year ending 31 March 2017

PROFILE

Christopher Spencer holds both French and German degrees in higher management studies (ESC Reims and Fachhochschule Reutlingen) and is a Chartered Accountant. With an experience of over 20 years in private equity in Europe, the last 6 years of which were spent with Sagard funds, which he helped establish in the French market, since the start of 2010 Christopher Spencer has focused on his activities in private investment, as a business angel and as a consultant.

OTHER CURRENT APPOINTMENT:

Chairman of:
Maison d'Uzès SAS
CNS Conseil SARL

TERMS OF OFFICE WHICH EXPIRED DURING THE LAST FIVE FINANCIAL YEARS:

Director of:
Adminium SAS

Monsieur Xavier de Lavallade, Legal Counsel for the Group, serves as Secretary of the Board.

Members of the Supervisory Board can be contacted through the Company's registered office: Immeuble Le Delage – Hall Parc – Bâtiment 6A – 3 rue du 19 mars 1962, 92230 Gennevilliers.

4.1.3 MAIN SENIOR EXECUTIVES OF THE GROUP

The Executive Committee of Faiveley Transport, led by the Chief Executive Officer, is composed of a team of operational managers who are fully involved in the Group's international development. It tackles all the issues concerning the running and the operation of the Company and non-Committee members may be invited to attend in relation to subjects for which they are responsible.

At the date of this Registration Document, the Executive Committee comprised 11 members, two of which are members of the Management Board:

- Stéphane Rambaud-Measson, Chief Executive Officer and Chairman of the Management Board;
- Guillaume Bouhours, Member of the Management Board and Chief Financial Officer;
- Rémi Causse, President, Access & Mobility;
- Simon Charlesworth, Vice-President, Sales & Marketing;
- Alain Deschenes, Vice-President, Operations;
- Thomas Feser, Vice-President, Corporate Development;
- Ralph Fürderer, Chief Technology Officer;
- Jun He, President, China;
- Lilian Leroux, President, Brakes & Safety;
- Olivier Ravit, President, Energy & Comfort;
- Jérôme Spencer, President, Services.

4.1.4 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODY AND SENIOR MANAGEMENT CONFLICTS OF INTERESTS

As of the date of this Registration Document and to the best of Faiveley Transport's knowledge:

- with the exception of regulated agreements pursued over the course of the 2014/2015 financial year, and to the best of the Company's knowledge, no other potential conflict of interests exists between the duties of the members and those of the Supervisory Board and Management Board, with regard to Faiveley Transport, members of the Supervisory and Management Boards of the Company and their private interests and/or other duties; The issue of Stéphane Rambaud-Measson's term of office as Chairman of the Supervisory Board of Veolia Verkher was raised by the Supervisory Board which decided that inasmuch as no contract existed between the Company and Veolia Verkher, this mandate was not a source of a conflict of interest;
- no family relationship exists between the various members of the Supervisory Board. However, the relationship between François Faiveley, Vice-Chairman of the Supervisory Board and Erwan Faiveley, his son, member of the Management Board must be noted;
- no member of the Supervisory Board or Management Board has been convicted of fraud within the last five years. None of their members has been involved as a Director in bankruptcy, impoundment or liquidation within the last five years and none has been subject to an official public penalty and/or sanction applied by a statutory or regulatory authority. No member has been prevented by a court from acting in their capacity as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of an issuers' business dealings within the last five years;
- no arrangements or agreements have been concluded with the main shareholders or with customers, suppliers or other parties, by virtue of which a member of the Supervisory Board or the Management Board may have been selected as a member of its supervisory or management bodies;
- no service contract exists linking a member of the Supervisory Board or Management Board to Faiveley Transport or to any one of its subsidiaries and which provides for the payment of benefits at the end of such contract.

Furthermore, since the Annual General Meeting of the Company held on 22 September 2009, the Supervisory Board has been chaired by Philippe Alfroid.

As such, François Faiveley has waived the benefit of the casting vote belonging to the Chairman of the Supervisory Board. The influence held within the Company by members of the Faiveley family is therefore relatively diluted through the operation of its governing bodies.

4.1.5 RULES CONCERNING RESTRICTIONS OR PROHIBITIONS ON THE TRADING BY MEMBERS OF THE SUPERVISORY BOARD IN THE SHARES OF COMPANIES ABOUT WHICH THEY HAVE INFORMATION THAT HAS NOT YET BEEN MADE PUBLIC

Article L. 621-18-2 of the Monetary and Financial Code imposes to Directors or related persons that any transaction completed on the securities of the issuer should be disclosed to the AMF.

In accordance with both the terms of Article L. 621-18-4 of the Monetary and Financial Code and the provisions of the AMF General Regulations, a list of permanent insiders has been drawn up internally, including in particular the names of the corporate officers of Faiveley Transport. This list, as with the list concerning occasional insiders, is held at the disposal of the AMF.

Directors, as well as the Group's non-executive senior management, are required to comply with the provisions of the Company's Code of Conduct in relation to transactions on securities and insider trading.

This Code was published on 24 February 2011 following the recommendation of the *Autorité des Marchés Financiers* dated 3 November 2010. It was updated on 18 November 2013 and is available from the Company's registered office. In this context, the above-mentioned persons are considered to be permanent insiders.

The Company has also defined periods during which the persons considered as permanent insiders cannot buy or sell securities for their own account or on behalf of third parties, directly or indirectly:

- 45 days before the announcement by the Company of its results (annual and half-year) to the full day following the public announcement of said results;
- 15 days before the publication of quarterly information by the Company to the full day following this publication.

Outside these periods and in general, every corporate officer, Director and senior executive of the Group is subject to French regulations on insider trading and sanctioning the use or disclosure of inside information.

4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

On the composition, the application of the principle of balanced representation of men and women, the preparation and organisation conditions of the work of the Supervisory Board and on the internal control and risk management procedures implemented within Faiveley Transport.

Dear Shareholders,

Pursuant to the provisions of Article L. 225-68 of the Commercial Code, I hereby inform you by the present report:

- of the conditions for the preparation and organisation of the work of the Supervisory Board during the financial year ended 31 March 2015;
- the principles and rules agreed by the Board to determine the remuneration and benefits of all kind granted to senior executives;
- of the internal control and risk management procedures implemented by the Company;
- other information required by Article L. 225-68 of the Commercial Code.

This report was reviewed by the Audit and Risk Committee at its meeting of 22 May 2015 and was discussed and approved by the Supervisory Board at its meeting of 27 May 2015.

4.2.1 CORPORATE GOVERNANCE CODE

In its decision dated 28 November 2008, the Supervisory Board adopted the principles of the AFEP/MEDEF Corporate Governance Code. This Code includes:

- the October 2003 Corporate Governance Code for listed companies, updated in April 2010;
- the October 2008 recommendations on Corporate Officers' remuneration.

The Supervisory Board renewed this undertaking by a decision on 26 March 2014 which adopted the AFEP/MEDEF recommendations in their revised version of June 2013. Below are summarised the recommendations of the AFEP/MEDEF Corporate Governance Code which are subject to a reservation in their application within the governance of the Company.

4

ANALYSIS OF THE AFEP/MEDEF CODE RECOMMENDATIONS THAT HAVE NOT BEEN APPLIED BY FAIVELEY TRANSPORT

AFEP/MEDEF Recommendation	Commentary
Composition of the Governance and Appointments Committee: majority of Independent Directors – Section 17.1 **Composition of the Remuneration Committee: majority of Independent Directors** – Section 18.1	In order to maintain the efficiency and balance of the Governance and Appointments Committee on the one hand and the Remuneration Committee on the other, it has been agreed that a headcount of four will be kept in these Committees. Since the number of members of the Supervisory Board is relatively limited, the Board has decided that the composition of these Committees should remain consistent. Each of the Committees is chaired by an independent member and is 50% comprised of independent members. The Board considers that such compositions mean that the independence of these Committees is ensured in accordance with the outcome sought by sections 17.1 and 18.1 of the AFEP/MEDEF Code revised in June 2013.
Review of the long-term fixed remuneration of senior executives and corporate officers (3 years) – Section 23.2.2	The remuneration of senior executives and corporate officers is reviewed each year without systematically leading to proposed increases in remuneration. The Remuneration Committee's proposals to the Supervisory Board are moderate and comply with the principle of consistency required under section 23.1 of the AFEP/MEDEF Code revised in June 2013.

4.2.2 COMPOSITION, OPERATIONS AND CONDITIONS OF PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK

COMPOSITION OF THE SUPERVISORY BOARD

At 31 March 2015, the Supervisory Board comprised 9 members: Philippe Alfroid – Chairman of the Board, François Faiveley – Vice-Chairman of the Board, Hélène Auriol-Potier, Nicoletta Giadrossi-Morel, Maurice Marchand-Tonel, Christian Germa, Didier Alix, Christopher Spencer and Serge Choumaker.

At its meeting of 28 April 2015, the Supervisory Board reviewed the independence of its members with regard to the definition of the AFEP/MEDEF Code and more generally discussed the issue of best practices in terms of governance. The Board's Internal Regulations were amended at the end of this meeting integrating a procedure requiring the Governance and Appointments Committee's prior opinion ahead of any acceptance by a member of the Board of a term of office in another listed company, including internationally.

OPERATION OF THE BOARD

The Supervisory Board continuously ensures, by all appropriate means, control over the Company's management by the Management Board. The Supervisory Board is kept up-to-date by the Management Board on a regular basis through quarterly reports on the businesses and operations of the Company and its subsidiaries.

Any shareholder, individual or corporate, may be appointed as a Member, subject to their holding at least one share in the Company (Article 19 of the bylaws).

The Supervisory Board elects, from among its own members, a Chairman and a Vice-Chairman, who are individual shareholders, otherwise their appointment is null and void. The Chairman and Vice-Chairman are responsible for calling the Supervisory Board meetings and leading discussions.

Where a legal entity assumes the function of a member of the Supervisory Board, it is required to designate a permanent representative who is subject to the same conditions and requirements and who has the same civil and personal liability as if they were a member of the Supervisory Board in their own name.

Members of the Management Board, as well as current or former Statutory Auditors and their parents or relatives under the laws, may not be members of the Supervisory Board.

As part of its legal duties throughout the year, the Supervisory Board carries out the verifications and checks that it considers appropriate and may request documentation it considers useful to the completion of its duties. The Management Board presents an operating report to the Supervisory Board at last once per quarter.

The Supervisory Board appoints the members of the Management Board and sets their remuneration. It can also dismiss them in accordance with the bylaws. It appoints the Chairman of the Management Board and can also appoint the Chief Executive(s).

The Supervisory Board checks and monitors the half-year and full-year parent company and consolidated financial statements prepared by the Management Board.

At the Ordinary General Meeting, it presents a report containing its observations on the Management Board's report as well as on the financial statements for the year.

The Supervisory Board approves and monitors the execution of the medium and long-term strategy presented by the Chairman of the Management Board. It monitors the quality of information provided to shareholders as well as the markets, *via* the financial statements or when major transactions are effected.

In addition to the provisions of the bylaws, prior approval by the Supervisory Board is required for all significant transactions in respect of the scope of the Company's business (acquisitions, disposals, internal restructuring) or outside the approved strategy of the business. It is regularly informed of the financial position, the cash position and the commitments of the Company.

The Chairman calls the Supervisory Board as often as required in the interests of the Company and at least once per quarter following the release of the periodic report by the Management Board.

The Supervisory Board's deliberations are not valid unless at least half its members are present and decisions are made by a majority of members. In the event of a tie, the Chairman has the deciding vote.

At any one meeting, Directors may hold no more than one proxy received from a Director who could not attend.

In order to conform to the AFEP/MEDEF Corporate Governance Code for listed companies of December 2008, the Supervisory Board amended its internal regulations at its meeting of 22 April 2010, providing and specifying:

- its powers;
- its operating rules;
- the terms and conditions of meetings and the organisation and preparation of the work of the Supervisory Board;
- the information required by members of the Supervisory Board in carrying out their duties.

These Internal Regulations were reviewed during the Supervisory Board meeting of 26 March 2014 to specifically take into account the AFEP/MEDEF recommendations revised in June 2013, and again on 28 April 2015 to amend the powers of the Governance and Appointments Committee.

Following the recommendation of the AMF of 3 November 2010 on the prevention of insider trading violations by management, at its meeting on 24 February 2011, the Supervisory Board decided to clearly define the trading restriction periods during which management and permanent insiders are prohibited from effecting transactions on the Company's securities. The Supervisory Board's internal regulations are available on the Company's website. A calendar of restriction periods is updated and forwarded to all members of the Supervisory Board, the Management Board and permanent insiders of the Company at the beginning of each financial year. A Code of Conduct has also been published and distributed to Directors, non-executive senior managers and other insiders within the Group. It was recently revised, on 18 November 2013, to take account of the changes in the AMF's recommendations and regulations.

In light of their legal assignments, each member of the Supervisory Board is bound by the basic obligations of loyalty, confidentiality and due diligence.

The Supervisory Board adopted a Charter for members of the Supervisory Board that defines the criteria adopted to qualify as an Independent Member, as well as the obligations of members of the Supervisory Board. This charter is also available at the registered office of the Company.

These criteria are based on those prescribed by AFEP/MEDEF in its Corporate Governance Code for listed companies of June 2013. Aside from the required expertise and experience, a member of the Supervisory Board is deemed independent where he/she has no direct or indirect relationship, of whatever nature, with the Company, its Group or its Management that may compromise the exercise of freedom of judgment and their completely objective participation in the work of the Supervisory Board.

To be considered an Independent Member, a member of the Supervisory Board must satisfy the following criteria:

- not to be or have been an employee or corporate officer of the Company or an employee or Director of a company that has been consolidated during the past five years;
- not to be a corporate officer of a company where the Company, directly or indirectly, holds a position as Director or has an employee appointed as such, or where a corporate officer of the Company holds, or has held in the last five years, the position of Director;
- not to be a customer, supplier, commercial partner, merchant banker or financing banker:

– that is of significance to the Company or its Group,

– or where the Company or its Group represent a significant part of the activities;

- not to be directly or indirectly related, nor have been directly or indirectly related during the last five years, to such a customer, supplier, commercial partner, merchant banker or investment banker;
- not to have any close family relationship with a corporate officer of the Company;
- not to have been a statutory auditor to the Company during the previous five years;
- not to have been a member of the Supervisory Board for more than twelve years;
- not to hold, directly or indirectly, a shareholding equal to or greater than 10% in the share capital or voting rights of the Company or in any one of the companies of its Group, nor be related in any way whatsoever to a shareholder holding more than 10% of the capital or the voting rights of the Company or a company of its Group.

Every year, at the Meeting to consider the financial statements of the year just ended, the Supervisory Board examines the position of each of its members on a case by case basis with regard to the criteria of this clause, and brings the conclusions of its examination to the attention of the shareholders in its annual report so that the Independent Directors are identified. Thus, the members of the Supervisory Board deemed to be independent are:

- Hélène Auriol-Potier;
- Christian Germa;
- Nicoletta Giadrossi-Morel;
- Maurice Marchand-Tonel;
- Christopher Spencer.

Finally, beyond the sole statutory requirements, internal regulations require that each member of the Supervisory Board be a significant shareholder in a personal capacity. It was decided that each member of the Supervisory Board should acquire at least two hundred (200) Company shares. Supervisory Board members have a period of twelve months after assuming their position to ensure they comply.

SUPERVISORY BOARD ASSESSMENT DATED 28 APRIL 2015

The Supervisory Board also conducts an annual assessment of its operation and its work. At the meeting of 28 April 2015, a summary of this assessment, whose findings were generally positive, was discussed and the Supervisory Board endorsed the following proposals of the recorder appointed in this regard:

- modification of schedules and occasional relocation of the Board meeting to a Group subsidiary at least once a year;
- allocation in the Board's schedule of a set time for discussions to be held outside the presence of Management Board members;
- assessment of the independence criteria of each member of the Board as defined by the AFEP/MEDEF Code and the Supervisory Board's Internal Regulations, and related findings.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE SUPERVISORY BOARD

Frequency of meetings

During the last financial year, the Supervisory Board met eight times. The following was presented and discussed by the Supervisory Board at those meetings:

- the key financial elements of the year as well as the press releases published by the Company;
- the minutes of the various Committees;
- composition of the Management Board;
- the reports and draft resolutions to be presented to the General Meeting;
- merger and acquisition opportunities;
- the strategic plan for the three years to 2018;
- the Group's organisation.

Convening of the Supervisory Board members

In accordance with Article 20-III of the bylaws, the advance notice required for formal meetings of the members of the Supervisory Board is four days.

Each member has the option of being represented by another member at Supervisory Board meetings.

The meetings are chaired by the Chairman of the Supervisory Board, or in his absence, by the Vice-Chairman.

Information of Supervisory Board members

Before a meeting, each member receives Group financial information and a file detailing the items included on the agenda for the Meeting.

Attendance fees

Details of attendance fees paid to members of the Supervisory Board are provided in Paragraph 4.5.2 of this Registration Document.

Location of the meetings

In general, meetings of the Supervisory Board take place at the registered office, however, occasionally, certain meetings are held in other locations, in particular, within Group subsidiaries so that Supervisory Board members may improve their knowledge of operations and products, as well as of teams working locally.

Minutes of the meetings

Minutes of Supervisory Board meetings are drafted at the end of each meeting and are immediately forwarded to all Supervisory Board members.

BOARD COMMITTEES

Three specific Committees are currently in place within the Supervisory Board:

- the Remuneration Committee;
- the Audit and Risk Committee;
- the Governance and Appointments Committee.

During the annual assessment of its operation and works dated 29 March 2013, the Supervisory Board decided to abolish the Steering Committee and replace it with a monthly report addressed to the Supervisory Board by the Finance Department, commenting on the main financial indicators and their development.

The Remuneration Committee

The Remuneration Committee comprises four members. It is chaired by Nicoletta Giadrossi-Morel, independent member, and its other members are the Chairman of the Supervisory Board, Philippe Alfroid as well as Christopher Spencer and François Faiveley.

This Committee does not operate according to specific rules; it does however meet at least once a year and is responsible for setting the remuneration of the members of the Management Board and reviewing the remuneration of the members of the Executive Committee.

The purpose of this Committee is to issue its recommendations to the Supervisory Board and it is responsible in particular for formulating proposals for determining both the fixed and variable remuneration as well as the benefits in kind, and the retirement and insurance provisions of members of the Management Board and the Executive Committee. It scrutinises the consistency of rules for setting the variable portion with the annual performance assessment of members of the Management Board and the main Directors of the Group, as well as the application of these rules; it gives its opinion on the remuneration policy including the principles of allotment of the fixed and variable portions, the calculation criteria for the variable portions and rules for awarding potential bonuses and premiums. It also issues an opinion on the establishment of the list of beneficiaries and the conditions for allocating performance-based shares or any other type of employee or Director shareholding plan.

The Audit and Risk Committee

The Audit and Risk Committee is chaired by Christian Germa, independent member and comprises 3 members: Philippe Alfroid, Maurice Marchand-Tonel and Christopher Spencer; Serge Choumaker, a member of the Supervisory Board representing employee shareholders, is also involved due to his role as the Group's Director of Accounting & Consolidation.

The purpose of this Committee is to assist the Supervisory Board and it is responsible for ensuring that issues regarding the development and monitoring of accounting and financial information are followed up. In particular, it is responsible for monitoring:

- the process under which the financial information is developed;
- the effectiveness of internal control and risk management;
- the legal auditing of the parent company and the consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

The Audit and Risk Committee is responsible for examining the methods used to prepare the parent company and consolidated annual and half-year financial statements, prior to their review by the Board, having regularly examined the Company's financial position, cash position and commitments.

This Committee also analyses the procedures introduced within the Group in order to comply with accounting regulations, and perform the identification, assessment, anticipation and control of economic, financial and legal risks to which the Company, along with its subsidiaries both in France and internationally, may be exposed.

In order to carry out this assignment, the Audit and Risk Committee interviews the Statutory Auditors, the Chief Financial Officer of the Group and the Director of Internal Control, it examines the scope of the consolidated companies, it consults external experts where necessary and proceeds with an examination of risks and of significant off-balance sheet commitments.

The Audit and Risk Committee meets at least three times a year, in particular to approve the half-year and full-year financial statements. It issues recommendations and prepares a report at the end of each meeting, this report is submitted to the Supervisory Board of the Company.

The latest Audit and Risk Committee Meeting took place on 22 May 2015.

The Governance and Appointments Committee

The Governance and Appointments Committee is chaired by Christopher Spencer, an independent member, its other members being Hélène Auriol-Potier, Philippe Alfroid and Didier Alix. It was created on 29 March 2013.

This Committee is responsible for proposals concerning the selection of major appointments within the Company, notably those to the Supervisory and Management Boards, and it may be consulted by the Management Board regarding any appointment to the Executive Committee. It considers all aspects of the Company's governance, such as the roles and responsibilities of the various decision making bodies, the interaction between the shareholders, the Supervisory Board and the Management Board, and succession planning in relation to the Company's Directors. Any member of the Supervisory Board or Management Board must seek the prior opinion of the Governance and Appointments Committee before accepting a directorship in another listed company.

It is also responsible for assessing the independence criteria of each member of the Supervisory Board.

SUMMARY OF 2014/2015 ACTIVITY

During the year ended 31 March 2015, the Board met eight times. The attendance rate of Board members was 90.28%. Seven meetings were chaired by Philippe Alfroid, Chairman of the Supervisory Board, and one by François Faiveley, Vice Chairman.

The Audit and Risk, Remuneration, and Governance and Appointments Committees met three, five and four times respectively during the financial year ended 31 March 2015.

During the financial year, all Management Board members attended meetings and presented items on the agenda within their respective areas of expertise to the Supervisory Board.

The Group's Legal Counsel attended all Supervisory Board meetings and acted as secretary to the meetings.

Pursuant to Article L. 225-238 of the Commercial Code, the Statutory Auditors were invited to the Supervisory Board meetings at which the half-year and full-year financial statements were presented and approved.

RULES GOVERNING REMUNERATION AND ANY OTHER BENEFITS GRANTED TO CORPORATE OFFICERS

Remuneration of senior executives, as detailed in Paragraph 4.5 Corporate Officers' Compensation and benefits of this Registration Document, is determined by the Remuneration Committee and the Supervisory Board.

All the information required under Article L. 225-102-1 of the Commercial Code is presented in the Management Board's report. The setting and granting of Directors' fees is decided at a meeting between the Chairman and the Vice-Chairman of the Supervisory Board, who specifically take account of the following criteria:

- Supervisory Board meeting attendance;
- work carried out as part of the various Committees;
- time devoted;
- personal expertise and contributions to the Supervisory Board's deliberations.

Attendance fees totalling EUR 323,500 were allocated in respect of the financial year ended 31 March 2014.

MANAGEMENT BOARD

With regards to third parties and according to the bylaws, only the Chairman of the Management Board may represent the Company, unless decided otherwise by the Supervisory Board. Stéphane Rambaud-Measson, Chairman of the Management Board since 7 April 2014, is the sole Chief Executive Officer and has no specific limits on his powers.

Management Board members were reappointed for a three-year term during a meeting of the Supervisory Board on 9 June 2011. Following the removal of Thierry Barel by the Supervisory Board on 7 April 2014, Stéphane Rambaud-Measson was appointed Chairman of the Management Board for the remainder of the term of office still to run. The Management Board was entirely renewed during the Supervisory Board meeting called to approve the Company's financial statements for the 2013/2014 financial year, namely on 27 May 2014.

The Supervisory Board is responsible, based on recommendations of the Remuneration Committee, for defining the policy governing the allocation of free shares to senior executives and corporate officers. This policy is then implemented by the Management Board, which acts strictly within the bounds of the delegation granted to it by the Shareholders' General Meeting. A report summarising the conditions of use of this delegation is prepared by the Supervisory Board and presented to the Annual General Meeting.

Stéphane Rambaud-Measson's employment contract was terminated upon his appointment as Chairman of the Management Board. Changes made upon the termination of Stéphane Rambaud-Measson's employment contract have been discussed by the Supervisory Board which granted its prior approval in accordance with Articles L. 225-86 and L. 225-90-1 of the Commercial Code. The Supervisory Board has also defined the terms and conditions for the termination of Stéphane Rambaud-Measson's duties as Chairman of the Management Board. Thus, should he be dismissed by the Supervisory Board, Mr Barel may avail of compensation based on performance criteria, up to a maximum amount of 18 months of total remuneration.

At 31 March 2015, only Stéphane Rambaud-Measson is remunerated in his capacity as Chairman of the Management Board, the other members of the Management Board may not receive specific remuneration for their role as member of the Management Board. In addition, the members of the Management Board who are also Managing Directors of Group companies do not receive any specific benefits for their roles.

4.2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE GROUP

The Company has developed internal control and risk management procedures to ensure rigorous financial management and the control of risks associated with its business activities. The procedures are also aimed at ensuring that reliable information is provided regarding the Company's financial position and the financial statements provided to shareholders.

GROUP STANDARDS AND OBJECTIVES FOR INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The internal control standard adopted by the Company is that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) updated in 2013. According to this standard, internal control is a process intended to meet three objectives: the realisation and optimisation of transactions, reliability of financial information and compliance with the law and regulations in force.

The five key internal control procedures defined by COSO are present within the Group:

1) a control environment with a clear definition of responsibilities and an organisation with adequate resources, information systems, procedures and practices;
2) risk assessment procedures to compile major identifiable risks in light of the Company's objectives and to ensure that procedures are implemented to manage these risks;
3) control procedures to ensure that the information forwarded to the Supervisory Board of Faiveley Transport and to General Meetings is reliable and is a true reflection of the Company's business, to ensure that published financial statements and other information disclosed to the market is reliable, ensure that the operations carried out within the Company comply with current legislation and regulations in force and with the objectives laid down by the Management Board;
4) internal distribution of relevant information, enabling each participant to fulfil his/her responsibilities;
5) supervision of the internal control system to ensure through on-site audits, that the organisation, procedures and standards of control and performance are in place.

INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

The Group has established a structure, procedures and processes in order to identify, evaluate and reduce risks, with the resources to manage risks being allocated in line with the strategic and operational objectives of the Group. As with all systems of internal control, it can offer reasonable assurance but cannot provide an absolute guarantee that these risks will be completely eliminated.

Organisation and procedures

1) Two Group frameworks were updated and circulated during the 2013/2014 financial year:

- the Internal Control Manual covers the standard controls that entities must implement in order to reduce risks associated with assets, financial information and regulations. A section of the Manual is devoted to head office controls (governance, mergers and acquisitions, accounting consolidation, cash flow risk management, etc.);
- the Faiveley Management System (FMS) is a manual that contains the performance criteria expected within the Group. These criteria are divided into five levels of maturity (from level 1, the lowest, to level 5, excellent), with an average target level of 4.

These two frameworks are implemented within each site as part of the Group's Faiveley Worldwide Excellence (FWE) programme launched in 2013 and aimed at significantly improving quality, responsiveness in solving issues, punctuality of deliveries and reliability of margins.

The Group's sites report the progress of the implementation of these standards during monthly reviews. This progress is also verified on site by Group and Division (Purchasing, HR, Finance, etc.) operational managers as well as by a dedicated team from Internal Audit and the Operations Department.

2) Group procedures:

These are the procedures and guidelines which are mainly accessible *via* the Group's Intranet, consisting primarily of:

- the ethics charter defining a framework for the activities of employees;
- the Group procedures and instructions defined by each function, including for example:
  - accounting, consolidation, reporting and cash flow standards and practices ("Financial & Accounting Policies"),
  - the "Quality" collection of guidelines,
  - the "Insurance" manual, covering all Group policies for civil liability and damages;
- all the procedures and rules implemented by the majority of Group subsidiaries as part of ISO certification.

Risk management tools

The Group decided to standardise and update all its technical and IT architecture by rolling out in operational units, standard IT tools (ERP and Product Data Management) which will contribute to the structuring of internal control. Seven sites have implemented this Group ERP at 1 April 2015 and the rollout to the rest of the Group will take place by 2018.

A CRM (Customer Relationship Management) tool to improve the sharing of data when preparing proposals, whilst ensuring their compliance with Group procedures was deployed.

The Group has set up a number key performance and financial indicators to enable monitoring in a common language within the Group. These indicators are employed as targets for operational managers and are integrated into the management of remunerations. They reflect the strategic directions decided by the Management Board and are incorporated into the budget process and monthly reviews carried out by legal entity with the involvement of the Executive Committee.

Internal control stakeholders

During the year ended 31 March 2015, the various internal control stakeholders operated as follows:

SUPERVISORY BOARD

The Supervisory Board meets on a regular basis to assess operational and financial performance, to discuss business matters and the major strategic direction of the Group in its various businesses and in different markets, and each year, to review and approve the annual budget.

REMUNERATION COMMITTEE

It meets at least twice annually and is mainly responsible for making recommendations regarding the remuneration of Management Board members; its task is to evaluate and confirm the allocation of the variable part of the remuneration of the Chairman of the Management Board of Faiveley Transport, based on individual performance objectives and on the Group's financial statements audited by the Statutory Auditors.

AUDIT AND RISK COMMITTEE

The operating principles of the Audit and Risk Committee are consistent with the findings of the Audit Committee's final report, published by the AMF in July 2010. The Audit and Risk Committee meets to approve the half-year and annual financial statements. It issues recommendations or observations which it records in a report prepared by the Chairman of the Committee. In order to carry out this assignment, the Audit and Risk Committee interviews the Statutory Auditors and the Chief Financial Officer of the Group, it examines the scope of the consolidated companies, consults external experts where necessary and proceeds with an examination of risks and of significant off-balance sheet commitments.

The Audit and Risk Committee also follows the progress of internal risk management, internal control and audits. The Director of Internal Control and Audit annually presents to it a draft audit plan, as well as the progress of the implementation of standard controls on the sites, the observations of the internal audit and the cases of fraud or incidents which occurred during the year just ended. Given that the Statutory Auditors submit their findings regarding internal control during the same Meeting, the Audit and Risk Committee acquires an updated overview of the risks and the implementation of internal control. Lastly, this Committee approves the internal control and audit priorities for the following year

In addition, it examines the Statutory Auditors' fees and the terms and conditions of their reappointment.

THE GOVERNANCE AND APPOINTMENTS COMMITTEE

The Governance and Appointments Committee is in charge of deciding the main appointments within the Supervisory and Management Boards. It considers all aspects of the Company's governance, such as the roles and responsibilities of the various decision making bodies, the interaction between the shareholders, the Supervisory Board and the Management Board, and succession planning in relation to the Company's Directors.

MANAGEMENT BOARD OF FAIVELEY TRANSPORT

The Management Board is responsible for the organisation and the implementation of accounting and financial internal controls, as well as the preparation of the financial statements prior to their approval.

The Management Board approves the parent company and consolidated financial statements and the Supervisory Board carries out the verification and checks that it deems necessary on the financial statements.

EXECUTIVE COMMITTEE

It comprises the Chairman of the Management Board, Chief Financial Officer, the heads of the functional departments and the divisional Presidents. It meets once a month and covers any topics related to the running of the Company and its operation and non-members of the Committee may be invited to give presentations on matters within their area of responsibility. The Executive Committee forms part of the internal control process after the Group site managers and functional Departments.

Risk analysis is conducted on an annual basis by the Executive Committee, as part of the review of its strategic plan.

FINANCE DEPARTMENT

This Department is responsible for:

- providing the Management Board, at any time, with the relevant documents and indicators to manage the Company's operations;
- continuously anticipating and contributing to the preparation of action plans, their implementation and their monitoring with the Management Board of the Company;
- ensuring the reliability of the information provided by the Company's accounting and financial information system. The financial statements are prepared in accordance with the IFRS framework applicable to listed companies and with the rules set out by Faiveley Transport relating to the preparation of half-year and annual financial statements of the parent company and subsidiaries.

Its role regarding internal control particularly consists of:

- financial control: monitoring the budgeting control processes;
- accounting and consolidation: monitoring the quality and reliability of subsidiaries' financial statements and of the consolidated financial statements;
- treasury: reliability of cash generation, delegation of authority, and management of exchange rate and interest rate risk;
- Legal Department: management of contractual and insurance risks;
- Tax Department: management of fiscal risks and reliability of tax related financial information.

The Finance Department organises periodic reviews of subsidiaries to monitor industrial activities and business projects. Every month it issues a report for the Management Board and operational and cross-divisional Departments.

OPERATIONS DEPARTMENT

During the financial year ended 31 March 2015, the Company dedicated additional resources to strengthening the Group's operational functions through the introduction of a Project Management Office and a supplier development programme, the creation of a standalone Group Operations Department, and the strengthening of Procurement and Supply Chain initiatives. The Project Management Office now plays a key role in defining best practices for project management, developing contract management expertise for project managers, and in conducting field audits for projects that are considered to be major.

INTERNAL CONTROL AND AUDIT COMMITTEE

The Director of Internal Control and Audit reports directly to the Group's Chief Financial Officer and has special access to the Management Board and to the Audit and Risk Committee.

The prerogatives and responsibilities of the internal audit are recorded in an audit charter validated by the Audit and Risk Committee. The Group's standard controls are defined in an "Internal Control Manual" that was circulated in 2013. Site Managing Directors and site finance managers have been trained to these standards in order to lead their implementation in all Group companies.

As part of the audit plan approved by the Audit and Risk Committee, audits were conducted on major sites or sites deemed to be at risk to ensure the implementation of standard controls. A team of eight “associated auditors” selected from experienced operational Group personnel were trained in order to support the Director of Internal Control and Audit in these assignments. The internal audit team was also strengthened during the financial year with the arrival of a senior auditor in July 2014.

The findings of these audits are forwarded to the sites and to the Executive Committee members concerned, and submitted to the Audit and Risk Committee and the Statutory Auditors.

Twice a year, an internal Committee for Audit and Risk Coordination brings together the Chief Executive Officer, the Chief Financial Officer and the Director of Internal Control and Audit to analyse the risks, the controls implemented and the internal audit activity. Department heads (legal, IT, etc.) are invited to present the risks and controls falling within their scope.

The Group’s risk procedure is structured as follows: each subsidiary Managing Director is responsible for the management of risks at their site with delegation to Department managers. The subsidiary Finance Director is the point of contact for the Group Director of Internal Control and Audit, and reports the progress of the roll out regarding internal control. He(/she) is also the point of contact for the Group Legal Counsel thereby informing him of any potential disputes or damages.

QUALITY DEPARTMENT

The Quality Director reports to the Chief Executive Officer. He oversees the Quality Departments within each industrial subsidiary and works with the senior management of each facility and subsidiary.

A structured documentary framework, containing process descriptions as well as quality procedures, is in place. Standard problem solving processes were rolled out and monitoring of the quality system takes the form of quality audits conducted internally or through IRIS.

SUBSIDIARY DEPARTMENTS HEADS’ COMMITTEE

Chaired on a monthly basis by the Managing Director of each industrial subsidiary, this Committee highlights performance indicators and reviews solutions with a view to their possible improvement.

Monitoring of subsidiaries

Faiveley Transport has a majority or joint shareholding in each of its subsidiaries. Therefore, it has a strong presence on the Management Board and within the managerial structure of each of its subsidiaries.

Every subsidiary provides a monthly management report to the parent company, which then decides on any appropriate action to be taken based on the information received. A monthly performance tracking of the subsidiaries overseen by the Heads of Divisions is implemented. It enables better reporting of information and closer monitoring ahead of monthly divisional and Executive Committee reviews.

Third-Party Relationships

Controls are carried out by independent certification agencies. The majority of the companies within the Group have ISO 9001-2000 certification and the Group quality management system is regularly audited by an external agency.

At 31 March 2015, sixteen Group entities, including the Group’s main industrial sites were subject to ISO 14001 certification relating to environmental safety management systems.

The Statutory Auditors are PricewaterhouseCoopers Audit and Expertise Comptable et Audit (ECA). As part of their audit of annual and consolidated financial statements of the Company, the Statutory Auditors are required to make recommendations regarding internal controls related to accounting and financial information. In accordance with their professional standards, the Statutory Auditors inform the Audit and Risk Committee and the Management Board of their appraisal of the Group’s internal control procedures. Corrective action is undertaken, on a subsidiary-by-subsidiary basis, on the relevant elements. Since the 2011/2012 financial year, at the request of the Finance Department, the Statutory Auditors have, as part of their internal control brief, been reviewing a cross-group process common to all the Group’s subsidiaries. In this regard, the Statutory Auditors reviewed the data construction process for projects ending during the 2014/2015 financial year.

Fraud and money laundering prevention

The Group has introduced the following measures:

- training on the Internal Control Manual presenting the risks of fraud or incidents and to controls to be implemented;
- incidents are submitted to the financial managers on an annual basis and to the managers of the sites concerned;
- in the case of internal fraud and after evidence has been gathered, those responsible are punished;
- in the case of the emergence of new risks (fraud against “the Chairman”, etc.), alerts are forwarded to the sites.

A procedure for reporting suspected or actual incidents to the Director of Internal Control and Audit has been in place since the 2013/2014 financial year. These cases are analysed, potentially with the support of an *ad hoc* Committee with the required expertise (Information Systems, Human Resources, Legal, etc.) to decide on the necessary action (investigation, penalty, introduction of protective measures, contact with police or insurance companies, disclosure, etc.).

Cases are presented to the Internal Committee for Audit and Risk Coordination, and to the Supervisory Board’s Audit and Risk Committee.

Combatting money laundering is an area to which the Group pays particular attention, leading it to increase monitoring during equity transactions carried out within the framework of acquisitions or the creation of joint venture type companies. The Group exercises extreme caution particularly when investing in specific geographic regions, which translates into thorough investigations into the identity of natural persons or legal entities with which it is seeking to enter into partnership. It relies on a network of internationally renowned consultants and lawyers to anticipate any risk in this regard.

ACTION PLAN FOR THE FORTHCOMING FINANCIAL YEAR

The Internal Audit and Control Department will conduct internal audit assignments to ensure that standard controls have been implemented so that the sites achieve FWE (Faiveley Worldwide Excellence) certification. It may also act to analyse a particular situation upon Management request.

The Operations Department will conduct performance reviews at project, operation and site level.

As part of the annual closing at 31 March 2016, the Statutory Auditors will conduct a general review of internal control.

As part of the FWE programme launched in 2013, the sites will continue the roll out of the Group ERP and the internal control manual and Faiveley Management System (FMS) standards, and they will begin the deployment of the central technical data application (Product Data Management).

Continuation of this programme, whose aim is operational excellence, will allow risks to be anticipated more effectively as part of the Group's project delivery and operations management. The harmonisation of key operational management tools (ERP, PDM, CRM) will greatly contribute to this objective.

Moreover, the new internal organisation of the Group, which aims to reinforce the independence of the "Human Resources" and "Finance" functions through hierarchical integration, will be definitively implemented during the 2015/2016 financial year, and will allow their control role to be strengthened whilst significantly improving the support provided to the Divisions.

4.2.4 SHAREHOLDER INFORMATION

All information on specific terms and conditions relating to shareholders' participation in General Meetings is included in the Company's bylaws, in particular under Title V, Articles 26 and subsequent.

Please also note that items likely to have an impact in the event of a public offering, pursuant to Article L. 225-100-3 of the Commercial Code, appear in Chapter 6 of the Company's Registration Document.

Chairman of the Supervisory Board

4.2.5 STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN

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

To the Shareholders,

In our capacity as Statutory Auditors of Faiveley Transport and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 March 2015.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by Article L. 225-68 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L. 225-68 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information. We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board report, prepared in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Dijon, June 26 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Expertise Comptable et Audit
Philippe Vincent	Jérôme Burrier

4.3 REPORT OF **THE SUPERVISORY BOARD**

To the Shareholders,

We have reviewed the Management Board's report and we approve its management over the course of the financial year.

The Supervisory Board has read the draft resolutions proposed by the Management Board.

We believe that these resolutions deserve to be approved in full, with the exception of the resolution proposing a share capital increase reserved for the Group's employees, which we do not consider to be timely or necessary.

The Board noted the Management Board's intention to propose a dividend of EUR 0.90 per share. The Supervisory Board supports any distribution related to the Company's business needs and to its development projects.

Lastly, following verification and control of the parent company and consolidated financial statements for the financial year ended 31 March 2015, and in accordance with Article L. 225-68 Paragraph 6 of the Commercial Code, the Supervisory Board has no observation to make on these financial statements, nor on the related management report prepared by the Management Board which was submitted to it during its meeting of 27 May 2015.

The Supervisory Board

4.4 TRANSACTIONS WITH RELATED PARTIES: **STATUTORY AUDITORS' SPECIAL REPORT** ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) applicable to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the Annual General Meeting

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE FISCAL YEAR

We inform you that we have not been advised of any agreements or commitments entered into to submit to your Annual General Meeting, in accordance with the provisions of Article L.225-68 of the French Commercial Code.

Agreements and commitments already approved by the Annual General Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING THE FISCAL YEAR

Furthermore, we have been advised of the execution, during the fiscal year, of the following agreements and commitments, already approved by the Annual General Meeting on September 12th 2014, upon statutory auditors' special report on related-party agreements and commitments dated June 24th 2014.

With Stephane RAMBAUD-MEASSON

(Chairman of the Management Board and CEO of the Company since April 7th 2014)

Supervisory Board Meeting of May 27th 2014.

Because of the appointment, on April 7th 2014, of Stephane RAMBAUD-MEASSON as Chairman of the Management Board of the Company, the Compensation Committee submitted to the Supervisory Board that Stephane RAMBAUD-MEASSON may be entitled to compensation based on performance criteria, in the event of his dismissal by the Supervisory Board.

The compensation may reach eighteen months of fixed and variable remuneration, in the event of his dismissal by the Supervisory Board, except in case of dismissal for serious misconduct or very serious misconduct. The compensation will be calculated on the basis of the average monthly gross, fixed and variable remuneration, received by Stephane RAMBAUD-MEASSON during the twelve months preceding the date of his dismissal.

A coefficient, equal to the average of the share of the received variable remuneration during the three fiscal years preceding the date of his dismissal, will be applied to this basis.

Agreements and commitments already approved in previous years

WHICH REMAINED IN FORCE DURING THE YEAR

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by your Annual General Meeting in previous years, remained in force during the year.

With Thierry BAREL

(Chairman of the Management Board and CEO until April 7th 2014)

Thierry BAREL, Chairman of the Management Board, may be entitled to compensation based on performance criteria, not exceeding eighteen months of total gross remuneration, in the event of his dismissal by the Supervisory Board.

The performance criterion for the measurement of this compensation is the rate of achievement of annual goals set by the Supervisory Board. These annual goals are used for the calculation of the annual variable remuneration. The measurement of this performance criterion is the average of the performance accomplished by Thierry BAREL during the three years for which results have been published and preceding his dismissal by the Supervisory Board.

The Supervisory Board, on April 7th 2014, decided to dismiss Thierry BAREL as Chairman of the Management Board, CEO and member of the Management Board. The aforementioned compensation, totalling €688.000, has been paid on June 30th 2014, this sum is equivalent to twelve months of remuneration (fixed and variable).

With FAMILLE FAIVELEY PARTICIPATIONS, FFP

(Erwan FAIVELEY, member of the Management Board, holds the position of Chairman of the Management Board of FFP, which is shareholder of FAIVELEY TRANSPORT)

The strategy consulting and services agreement (previously named technical, commercial and administrative assistance agreement of June 26th 2004) concluded with FFP, defines all the services provided by FFP, particularly in terms of strategy consulting and development policy of FAIVELEY TRANSPORT Group.

The remuneration amount, in return for these services, is reviewed upwards each year in accordance with the evolution of the Syntec index; the annual increase cannot exceed 5% of the previous year remuneration.

Pursuant to this agreement and along with the re-invoicing of rents and rental expenses, FAIVELEY TRANSPORT recorded the following costs and incomes regarding the fiscal year ending on March 31st 2015:

In euro (€)	Costs for Faiveley Transport	Incomes for Faiveley Transport
Strategy consulting and services agreement	380,876	
Rents and rental expenses re-invoicing		3,170

Neuilly-sur-Seine and Dijon, June 26 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Philippe Vincent

Expertise Comptable et Audit
Jérôme Burrier

4.5 CORPORATE OFFICERS' COMPENSATION AND BENEFITS

4.5.1 COMPENSATION POLICY

The compensation policy for the Management Board of Faiveley Transport Group is drawn up by the Supervisory Board on the proposal of the Remuneration Committee.

The compensation of the Chairman and Chief Executive Officer is made up of an annual fixed portion, an annual variable portion, a long-term bonus scheme based on the allocation of performance-based shares. He will receive severance pay as part of his role as corporate officer, which will be limited in time and subject to performance criteria.

The compensation of members of the Management Board is made up of a fixed portion and a variable portion (with the exception of Erwan Faiveley who does not receive remuneration from Faiveley Transport Group) and a long-term bonus scheme based on the allocation of options and performance-based shares.

The Chairman of the Management Board and Chief Executive Officer and the members of the Management Board do not benefit from a supplementary pension scheme.

CRITERIA FOR THE FIXED PORTION AND THE VARIABLE PORTION

The fixed portion of the compensation of the Chairman of the Management Board and Chief Executive Officer as well as that of the members of the Management Board is set with account taken of the level of responsibilities, of experience and in view of market practices.

The variable portion is based both on the financial targets related to the Group's results and on personal targets, approved by the Supervisory Board at the beginning of the financial year according to the Group's strategic objectives.

The entire variable portion due in respect of a financial year is paid during the following financial year.

The decision regarding the final allocation of the variable portion of the compensation based on personal objectives (bonus) is taken at the end of the individual interviews, and for the financial targets, on the basis of the audited financial statements. These recommendations are then discussed within the Remunerations Committee, prior to being submitted to the Supervisory Board.

Financial objectives

Each year, the Supervisory Board, upon proposal from the Remunerations Committee, pronounces on the levels of achievement of the quantitative targets expected under the budget. For reasons of confidentiality, the expected levels are not made public but are based on:

- a target concerning profit from recurring operations; and
- a target concerning free cash flow generation.

Financial targets represent 60% of the variable remuneration of the members of the Management Board and the achievement percentage is defined in relation to the target levels of the budget.

Individual targets

The individual targets of members of the Management Board are approved at the start of the financial year by the Supervisory Board upon proposal from the Remunerations Committee.

Weighting of each criterion

Weighting of criteria for variable remuneration	Profit from recurring operations	Free cash flow generation	Individual targets	Total (as a maximum % of fixed remuneration)
Stéphane Rambaud-Measson	30%	30%	40%	100%
Guillaume Bouhours	30%	30%	40%	100%

In the event of his forced departure, provision has been made to grant the Chairman of the Management Board compensation based on performance conditions, up to a maximum of eighteen months of total compensation.

POLICY FOR ALLOCATING FREE SHARES OR PERFORMANCE-BASED SHARES

Faiveley Transport Group has a long-term bonus policy currently based on the allocation of free performance-based shares.

These allocations are made by Supervisory Board decision upon proposal by the Remunerations Committee concerning members of the Management Board. Allocations in favour of members of the Executive Committee and of a section of Group managers as well as certain managers with high potential are decided by the Management Board.

These allocations are subject to length of service and performance conditions.

4.5.2 SUMMARY TABLES REGARDING CORPORATE OFFICERS' REMUNERATION AND BENEFITS

The tables shown offer a standardised overview of the remuneration of the members of both the Management and Supervisory Boards as well as the allocations of shares to be subscribed or of share purchases granted to the first 10 employees, in accordance with the recommendation of the *Autorité des Marchés Financiers* of 22 December 2008, relating to the information to be provided in the Registration Documents regarding the remuneration of corporate officers, in response to the AFEP/MEDEF recommendations on the remuneration of executive corporate officers of listed companies presented in the Corporate Governance Code for listed companies published in October 2008 and revised in June 2013.

Pursuant to Article L. 225-102-1 of the Commercial Code, details of the remuneration included for Erwan Faiveley, member of the Management Board, corresponds to the total remuneration and benefits of any kind paid over the course of the financial year or owed in respect of the financial year by FFP, the holding company of the Faiveley company which controls Faiveley Transport Group. It is specified that he receives no remuneration from Faiveley Transport Group.

Moreover, in application of the same legal provisions, it is specified that the total remuneration of Stéphane Rambaud-Measson includes the remuneration that he receives from Faiveley Transport Verwaltungs GmbH, since Stéphane Rambaud-Measson is partly remunerated by Faiveley Transport and partly by Faiveley Transport Verwaltungs GmbH.

4

TABLE 1: TABLE SUMMARISING THE REMUNERATION AND OPTIONS AND SHARES GRANTED TO EACH MANAGEMENT BOARD MEMBER

	Stéphane Rambaud-Measson Chairman of the Management Board *Chief Executive Officer*		**Guillaume Bouhours Member of the Management Board *Chief Financial Officer***		**Erwan Faiveley Member of the Management Board *Employee of F.F.P., holding company of the Faiveley Family***	
(EUR)	**FY 2014/2015**	**FY 2013/2014**	**FY 2014/2015**	**FY 2013/2014**	**FY 2014/2015**	**FY 2013/2014**
Remuneration for the financial year (detailed in table 2)	1,027,500(1)	18,858(3)	508,130(1)	351,488	135,732	135,732
Value of free shares granted during the financial year (detailed in table 4)	-(2)	-(3)	-	-	-	-
Value of performance-based shares granted during the financial year (detailed in table 6)	463,170(2)	-(3)	116,312(2)	-(2)	-	-
TOTAL	**1,490,670**	**18,858(3)**	**624,442**	**351,488**	**135,732**	**135,732**

(1) *Variable remuneration due in respect of 2014/2015 was set on 27 May 2015 by the Supervisory Board based on the proposals of the Remunerations Committee.*

(2) *The amounts specified correspond to the accounting fair value of the options and the shares in accordance with IFRS standards. They do not therefore refer to actual amounts which could be released during the exercise of subscription or share purchase options, if they are exercised, or during the vesting of shares, if they become vested. It should also be recalled that these allocations of options and shares are subject to length of service and performance conditions.*

(3) *Stéphane Rambaud-Measson joined Faiveley Transport Group on 17 March 2014 as a member of the Management Board and as Group Executive Vice President. Remuneration due in respect of the 2013/2014 financial year is calculated prorata temporis.*

TABLE 2: SUMMARY TABLE OF THE REMUNERATION OF EACH MANAGEMENT BOARD MEMBER

Pursuant to Article L. 225-102-1 of the Commercial Code, we disclose the remuneration and benefits in kind of every nature received by every corporate officer during the last two financial years from companies controlled or which control the Faiveley Transport Group pursuant to Article L. 233-16 of the Commercial Code:

Remuneration of the Chairman of the Management Board and Chief Executive Officer

(EUR)	FY 2014/2015		FY 2013/2014[1]	
Stéphane Rambaud-Measson **Chairman of the Management Board[1]** ***Chief Executive Officer***	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	550,000	547,840	18,858	18,858
Variable remuneration	467,500[2]	-	-	-
Benefits in kind (company car)	10,000	10,000	-	-
TOTAL	**1,027,500**	**557,840**	**18,858**	**18,858**

(1) Stéphane Rambaud-Measson joined Faiveley Transport Group on 17 March 2014 as a member of the Management Board and as Group Executive Vice President. Remuneration due in respect of the 2013/2014 financial year is calculated prorata temporis. He was appointed Chairman of the Management Board on 7 April 2014.

(2) Variable remuneration due in respect of 2014/2015 was set on 27 May 2015 by the Supervisory Board based on the proposals of the Remuneration Committee.

The Supervisory Board dismissed Thierry Barel on 7 April 2014. The remuneration paid during the 2014/2015 financial year totalled EUR 210,417 and is comprised as follows: fixed remuneration of EUR 33,077, a variable portion due in respect of the 2013/2014 financial year amounting to EUR 150,500, benefits in kind totalling EUR 407 and a final settlement of EUR 26,433. Mr. Barel also received an exceptional severance payment of EUR 688,000 in accordance with the application of the conditions provided for in the event of his removal from corporate office.

Remuneration of the members of the Management Board

(EUR)	FY 2014/2015		FY 2013/2014	
Guillaume Bouhours **Member of the Management Board** ***Chief Financial Officer***	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	278,100	268,837	240,908	240,908
Variable remuneration	227,041[1]	108,320	108,000	132,715
Benefits in kind (company car)	2,989	2,989	2,580	2,580
TOTAL	**508,130**	**380,056**	**351,488**	**376,003**

(1) Variable remuneration due in respect of 2014/2015 was set on 27 May 2015 by the Supervisory Board based on the proposals of the Remuneration Committee.

(EUR)	FY 2014/2015		FY 2013/2014	
Erwan Faiveley **Member of the Management Board** ***Employee of F.F.P, holding company of the Faiveley Family***	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	114,996	114,996	114,996	114,996
Variable remuneration	-	-	-	-
Benefits in kind (housing allowance and company car)	20,736	20,736	20,736	20,736
TOTAL	**135,732**	**135,732**	**135,732**	**135,732**

Appraisal of the performance in respect of the 2014/2015 financial year

The Supervisory Board upon proposal of the Remunerations Committee assessed the performance of the members of the Management Board during its Meeting of 27 May 2015.

The Supervisory Board meeting of 27 May 2015 has, on the proposal of the Remunerations Committee, set the variable portion of remuneration due in respect of the 2014/2015 financial year. It is firstly comprised of a percentage related to the achievement of personal targets, and secondly of a percentage linked to the financial achievement rate of Group financial targets initially set for the 2014/2015 financial year. This achievement percentage has been evaluated at 45% (of a maximum of 60%) for the 2014/2015 financial year.

For the 2014/2015 financial year, Stéphane Rambaud-Measson was awarded variable remuneration guaranteed at 50% of his total variable remuneration.

Determination of the remuneration for the 2015/2016 financial year

At its Meeting of 27 May 2015, the Supervisory Board set both the fixed portions and the elements for determining the variable portions of the remuneration of the members of the Management Board for the 2015/2016 financial year. The following fixed portions were agreed:

(EUR thousands)	**Fixed portion**
Stéphane Rambaud-Measson	625,000
Guillaume Bouhours	300,000

The Supervisory Board also decided that the variable portions will remain based on both financial targets and on personal targets.

The weighting of each criterion for the 2015/2016 financial year will be as follows:

Weighting of criteria for variable remuneration	**Profit from recurring operations**	**Free cash flow generation**	**Individual targets**	**Total (as a maximum % of fixed remuneration)**
Stéphane Rambaud-Measson	30%	30%	40%	100%
Guillaume Bouhours	30%	30%	40%	100%

The term of office of Stéphane Rambaud-Measson stipulates that the variable portion of his compensation may not exceed 100% of the allocated fixed compensation.

Stéphane Rambaud-Measson will be entitled to an exceptional severance payment not exceeding eighteen (18) months of fixed and variable remuneration in the event of his dismissal, except for serious misconduct or gross negligence. The calculation will be based on the average monthly amount of gross fixed and variable remuneration received by Mr Rambaud-Measson, during the twelve (12) months prior to departure.

This base will be affected by a coefficient equal to the average share of variable remuneration received during the 3 years prior to departure.

In accordance with the recommendation of the AFEP/MEDEF Code, revised in June 2013 and to which the Group refers, a proposal will be made to the Annual General Meeting of 18 September 2015 to issue an opinion on the remuneration elements due or allocated in respect of the financial year ended 31 March 2015.

TABLE 3: TABLE ON THE GROSS REMUNERATION AND ATTENDANCE FEES PAID TO SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board	**Attendance fees for the previous financial year**	
(EUR)	**paid during the 2013/2014 financial year**	**paid during the 2014/2015 financial year**
Philippe Alfroid	47,250	51,000
François Faiveley	35,750	40,000
Didier Alix	34,000	37,000
Hélène Auriol-Potier	27,000	36,000
Serge Choumaker	- (1)	- (1)
Robert Joyeux(2)	34,000	-
Christian Germa	40,250	44,000
Nicoletta Giadrossi-Morel	30,500	33,500
Maurice Marchand-Tonel	35,750	39,000
Christopher Spencer	40,500	43,000
TOTAL	**325,000**	**323,500**

(1) Serge Choumaker waived payment of his Directors' fees.
(2) Robert Joyeux was not reappointed to his role as Director at the Annual General Meeting of 12 September 2013.

Serge Choumaker is the only member of the Supervisory Board to have received any remuneration other than Directors' fees from Faiveley Transport Group. This remuneration totalled EUR 132,822 for the 2014/2015 financial year (EUR 135,264 during the 2013/2014 financial year) in respect of his role as Head of Accounting and Consolidation of Faiveley Transport Group.

The allocation of attendance fees for the financial year just ended is based on active participation in the Meetings and works of the Supervisory Board and the specialist Committees: Remunerations Committee, Audit and Risks Committee and Governance and Appointments Committee.

Fees are also allocated pro rate for the specific contribution of certain members of the Supervisory Board in their field of expertise.

The Annual General Meeting of Shareholders of 10 September 2014 set the Attendance fees allocated to the Supervisory Board, in respect of the 2013/2014 financial year, at EUR 325,000, unchanged from the 2012/2013 financial year.

TABLE 4: SHARE SUBSCRIPTION OR SHARE PURCHASE OPTIONS ALLOCATED DURING THE FINANCIAL YEAR TO EACH MEMBER OF THE MANAGEMENT BOARD BY THE ISSUER AND BY EVERY GROUP COMPANY

No share subscription or shares purchase options were allocated to members of the Management Board during the financial year.

TABLE 5: SHARE SUBSCRIPTION OR SHARE PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH MEMBER OF THE MANAGEMENT BOARD

No share subscription or share purchase options were exercised by members of the Management Board during the financial year.

TABLE 6: FREE OR PERFORMANCE-BASED SHARES ALLOCATED TO EACH MEMBER OF THE MANAGEMENT BOARD DURING THE FINANCIAL YEAR

	Performance-based shares granted during the 2013/2014 financial year	Performance-based shares granted during the 2014/2015 financial year
Stéphane Rambaud-Measson	-	15,000
Guillaume Bouhours	-	4,000
Erwan Faiveley	-	-
TOTAL	**-**	**19,000**

TABLE 7: FREE OR PERFORMANCE-BASED SHARES WHICH BECAME ASSIGNABLE DURING THE FINANCIAL YEAR FOR EACH MEMBER OF THE MANAGEMENT BOARD

	Performance-based shares granted during the 2013/2014 financial year	Performance-based shares granted during the 2014/2015 financial year
Stéphane Rambaud-Measson	-	-
Guillaume Bouhours	-	5,000
Erwan Faiveley	-	-
TOTAL	**-**	**5,000**

As of 15 January 2015, 2,200 free performance-based shares had been definitively granted to Thierry Barel, removed from his role as Chairman of the Management Board and Chief Executive Officer of Faiveley Transport Group on 7 April 2014.

TABLE 8: HISTORY OF ALLOCATIONS OF SHARE SUBSCRIPTION OR SHARE PURCHASE OPTIONS – AT 31 MARCH 2015

Type of option plan	Share purchase	Share purchase	Share purchase	Share purchase	Share subscription
Date of allocation	02/04/2007	19/02/2008	29/03/2008	16/07/2008	23/11/2009
Exercise price[(1)]	42.80	32.31	34.08	40.78	54.91
Starting date for the exercise of options	02/04/2009	19/02/2010	29/03/2010	16/07/2010	22/11/2013
Expiry date	01/04/2014	18/02/2015	28/03/2015	16/07/2015	22/11/2017
Initial number of beneficiaries	5	4	3	1	15
Number of options granted	26,880	26,880	13,440	22,600	144,000
Including members of the Management Board or Supervisory Board:					
Stéphane Rambaud-Measson	-	-	-	-	-
Guillaume Bouhours	-	-	-	-	-
Serge Choumaker	-	-	-	-	5,500
Including members of the Executive Committee[(2)]	-	-	-	22,600	41,000
Number of shares subscribed or purchased	26,880	20,160	8,960	14,153	-
Number of options cancelled	-	6,720	4,480	-	28,000
Number of options allocated and remaining to be exercised	-	-	-	8,447	116,000

(1) The exercise price of the share subscription or purchase options is equal to 95% of the average share price over the twenty trading days preceding the date of the Management Board meeting at which the options were granted.

(2) Excluding Management Board members.

4

TABLE 9: OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES GRANTED TO THE TOP TEN EMPLOYEES NON BOARD MEMBERS AND OPTIONS EXERCISED BY THE LATTER

Options to subscribe for or purchase shares granted to the top ten employees who are not corporate officers and options exercised by these	Total number of options allocated/shares subscribed for or purchased	Average price	Plan date: 19/02/2008	Plan date: 16/07/2008
Options granted during the financial year by the issuer and any company within the scope of the allocation of options, to the ten employees of the issuer and of any company within this scope, of which the number of options thus granted is the higher (global information)	-	-	-	-
Options held against the issuer and the companies referred to above, exercised during the financial year by the ten employees of the issuer and its companies, of which the number of options thus purchased or subscribed for is the higher (global information)	18,551	38.45	5,091	13,460

TABLE 10: HISTORY OF ALLOCATION OF FREE OR PERFORMANCE-BASED SHARES AT 31 MARCH 2015

Date of AGM	14/09/2011	14/09/2012	14/09/2012	14/09/2013	14/09/2014	14/09/2014
Date of allocation	05/03/2012[2]	24/10/2012[2]	15/01/2013	02/07/2014	25/11/2014	27/03/2015
Initial number of beneficiaries	151	1	179	226	1	2
Number of shares granted	79,224	10,000	72,386	135,106	1,000	4,000
Number of shares granted	6,380	2,500	4,244	2,700	1,000	-
Number of shares vested	45,432	-	-	-	-	-
Number of shares allocated and remaining to be vested	27,412	7,500	68,142	132,406	-	4,000
Total number of shares that may be vested to members of the Management Board and Supervisory Board	6,400	-	4,360	19,000	-	-
Stéphane Rambaud-Measson	-	-	-	15,000	-	-
Guillaume Bouhours	1,600	-	1,440	4,000	-	-
Serge Choumaker	800	-	720	-	-	-
Total number of shares that may be vested to members of the Executive Committee[1]	-	-	5,760	34,656	-	4,000
Expiry date of the vesting period	05/03/2014[3]	24/10/2014	15/01/2015[3]	02/07/2016[3]	25/11/2018[4]	27/03/2017[3]
Duration of the period of non-transferability from the date of the transfer of ownership of the shares	2 years	2 years	2 years	2 years	-	2 years
Vesting conditions	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought	Length of service and performance	Allocation subject to personal investment by beneficiaries, with two free shares granted for every share bought	Length of service and performance	Length of service and performance	Length of service and performance

(1) Excluding Management Board members.

(2) At the end of the vesting period, the number of shares delivered to each beneficiary depends on the performance criteria below: increase in operating profit and cash-flow generation (reduction of the debt): cumulative operational cash-flow for 2010/2011 and 2011/2012 must account for 85% of the target operating profit. If the performance criteria are completely fulfilled or are exceeded, the beneficiary will receive the full number of shares that have been allocated to them. If the performance criteria are partially fulfilled, the beneficiary will receive a percentage of the number of shares that have been allocated to them.

(3) Expiry date of the acquisition period for French beneficiaries. Other beneficiaries are subject to an acquisition period of 4 years and no retention period: until 05/03/2016 for the 05/03/2012 plan, until 15/01/2017 for the 15/01/2013 plan, until 02/07/2018 for the 02/07/2014 plan and until 27/03/2019 for the 27/03/2015 plan.

(4) Since the recipient is a foreign resident for tax purposes, the vesting period was for a period of four years at the end of which the shares would have been freely transferable.

TABLE 11

	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due as a result of termination or change of role of a corporate officer		Non-competition compensation	
Corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Stéphane Rambaud-Measson **Chairman of the Management Board** *Chief Executive Officer*		√[1]		√	√			√
Guillaume Bouhours **Member of the Management Board** *Chief Financial Officer*	√			√		√		√
Erwan Faiveley **Member of the Management Board** *Employee of F.F.P., holding company of the Faiveley Family*	√			√		√		√

(1) Stéphane Rambaud-Measson was appointed Chairman of the Management Board and Chief Executive Officer on 7 April 2014. His employment contract ended when his corporate office came into effect. Following the appointment of Stéphane Rambaud-Measson as Chairman of the Management Board and Chief Executive Officer on 7 April 2014, the terms and conditions governing the termination of his duties have been defined. Stéphane Rambaud-Measson will thus be entitled to compensation.

Loans and guarantees granted or provided to members of the Management Board

Nil.

4.5.3 INTERESTS OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS IN THE SHARE CAPITAL OF THE COMPANY AND ITS SUBSIDIARIES

On the date of filing of this Registration Document, the interests of the members of the Management Board and the Supervisory Board were as follows:

Members of the Management Board	Number of shares	% capital	% voting rights
Stéphane Rambaud-Measson	-	-	-
Erwan Faiveley	612	ns	ns
Guillaume Bouhours	9,583	0.07%	0.04%

Members of the Supervisory Board	Number of shares	% capital	% voting rights
Philippe Alfroid	200	ns	ns
François Faiveley	225	ns	ns
Hélène Auriol-Potier	200	ns	ns
Nicoletta Giadrossi-Morel	200	ns	ns
Maurice Marchand-Tonel	200	ns	ns
Christian Germa	200	ns	ns
Didier Alix	200	ns	ns
Christopher Spencer	650	ns	ns
Serge Choumaker	4,094	0.03%	ns

TRANSACTIONS IN FAIVELEY TRANSPORT SHARES BY SENIOR EXECUTIVES AND INDIVIDUALS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE DURING THE 2014/2015 FINANCIAL YEAR

Name	Financial instruments	Nature of transaction	Number of transactions	Average price *(EUR)*	Value *(EUR)*
Thomas FESER *Vice-President Corporate Development*	Shares	Exercise of stock options	9	40.78	489,360
		Disposal	9	53.12	637,396
Hélène AURIOL POTIER *Member of the Supervisory Board*	Shares	Purchase	1	47.14	4,714

These transactions were the subject of declarations with the *Autorité des Marchés Financiers*.

CORPORATE SOCIAL RESPONSIBILITY 5

INTRODUCTION – BEING A FORCE IN SUSTAINABLE MOBILITY

Even though it is a factor of economic and social development, the transport of people and goods generates an impact, not only locally on air and water quality, but also globally through greenhouse gas emissions. The transport sector is now responsible for more than 23%(1) of total emissions.

The Intergovernmental Panel on Climate Change (IPCC), created in 1988 by the UN, considers that in order to maximise its chances of limiting global warming to 2°C, the human race must halve its greenhouse gas emissions by 2050. Furthermore, for 2050 it is predicting a global increase of approximately 80% in passenger transportation and approximately 50% in the transportation of goods in comparison with 2010.

In Europe, in accordance with the Lisbon treaty which supports sustainable economic development, reducing CO_2 emissions by 20% before 2020 in comparison to 1990 is a major objective to which the following targets have been added:

- 20% improvement in energy efficiency;
- 20% of the European energy mix to be renewable forms.

However, greenhouse gas (GHG) emissions are reaching record levels with growth more rapid than ever. Between 2000 and 2010, they increased by 2.2% per year. The increased use of carbon has cancelled out the progress made in the energy sector thanks to the development of renewable energies. At this pace, the threshold of the additional 2°C will be passed as early as 2030 and we must be prepared for warming of between 3.7°C and 4.8°C in 2100. In its fifth report, finalised on 13 April 2014, the IPCC therefore emphasised the need to change the way we live. The massive urbanisation expected over the next twenty years – the urban population will exceed 70% of the world's population in 2030 – is an opportunity according to the IPCC. Urbanisation must provide the opportunity to build more densely populated cities, and to develop clean public transport and housing. For the IPCC, concentrating action on cities means that almost a quarter of global GHG emissions can be tackled. The IPCC's conclusions clearly pit rail against road by highlighting the potential appeal of rail transport in the battle to keep global warming under control.

Road transport is the largest contributor to climate change accounting for more than 72% of greenhouse gas emissions caused by transport.

The increasing scarcity of fossil fuels, along with global warming and increasing global ecological awareness are encouraging the development of alternative modes of transport, in particular rail.

With the lowest level of greenhouse gas emissions per kilometre covered, rail transport is amongst the most environmentally friendly modes of transport. It is contributing greatly to combatting air pollution. The use of rail transport – trains, metros or tramways – is a way of moving over to sustainable mobility. Local rail services (metro, tramways) are becoming an asset for local authorities in combatting concentrations of fine particulate matter and carbon dioxide emissions.

In fact, as far as emissions and energy consumption are concerned, rail is the most sustainable mode of collective transport globally. It generates less than 1% of the world's greenhouse gas emissions (GHG). According to a recent ADEME (French Agency for Environment and Energy Management) study led by Deloitte and published in January 2008 on the topic of "energy and environmental efficiency of means of transport", greenhouse gas emissions from rail transport are estimated to be between 10 and 20 times lower than car or air transport, per passenger and per kilometre travelled.

The development of the rail market supports the growing needs created by a growing population, excessive urban concentration, road congestion and environmental concerns.

Beyond climate change, the rail industry, like every other industry, faces significant challenges, including the scarcity of resources and stricter regulations relating to emissions, noise and land use.

Although trains benefit from excellent energy performance per passenger and per tonne of good transported, energy consumption is significant and the challenges regarding the reduction of CO_2 emissions as well as the societal evolutions related to mobility call into question the long-term financial model. Several avenues are therefore being explored to improve rolling stock: improvement of brake energy recovery systems, controlling air conditioning according to occupancy, development of economy mode to reduce energy consumption when stationary, eco-driving assistance systems, or energy meters for better tracking of consumption. Faiveley Transport Group is already involved in these improvements.

A growing number of customers are requesting energy audits but are also making demands in terms of sustainable development (low mass, energy recovery, reduced noise, high recyclability rate, use of hydro-soluble paints). Faiveley Transport products help to satisfy these requirements.

In addition, the Group is increasingly sensitive to the social aspects of sustainable development, for example those relating to access for the disabled or the elderly. Due to its high technological standards in these areas, Faiveley Transport can be involved in all new programmes.

(1) Source: International Energy Agency, CO_2 emissions from fuel combustion 2014 edition

Faiveley Transport seeks to limit the environmental impact of its own activities and has set itself four targets within this area:

- energy consumption;
- greenhouse gas emissions;
- water usage;
- number of industrial sites with ISO 14001 certification.

The Group's corporate and environmental performance rests on the commitment and skills of the workforce. The Group encourages their initiatives, raises awareness amongst them and oversees their training.

It is important to Faiveley Transport that its teams feel confident in order to create empathy with stakeholders, customers or suppliers. A human resources approach based on the promotion of diversity and a meaningful dialogue between teams and their superiors is in place in order to continually improve working conditions in line with the expectations of each employee. The Group ensures the ethical conduct of all its employees and is striving to improve the quality of working life, to reduce heavy manual labour and improve well-being within the Company.

The focus of Faiveley Transport's activity is at the heart of environmental concerns aimed in particular at fighting global warming and the reduction of greenhouse gas emissions. By turning eco-mobility into the central plank of sustainable development, most western countries are creating a real opportunity for growth and job creation in the rail industry. Therefore, for Faiveley Transport, world leader in equipment for railway rolling stock, it represents an extraordinary development opportunity.

METHODOLOGY FOR COMPILING **CSR INFORMATION**

The purpose of this manual is to detail the reporting methodology employed within Faiveley Transport Group in relation to corporate and environmental responsibility. Faiveley Transport has developed this protocol in line with GRI (Global Reporting Initiative) guidelines for indicators and in the interests of complying with Article 225 of the Grenelle 2 Law of 12 July 2010 and its implementation Decree of 24 April 2012.

This non-financial reporting protocol describes the methodology to be followed for the calculation and reporting of Faiveley Transport Group's corporate environmental, social and purchasing indicators.

This document will be revised on an annual basis according to both developments in the Group's reporting and feedback regarding experience with a view to continuous improvement, necessary for the management of the Company and its overall performance.

FRAMEWORK AND DEFINITIONS

So as to ensure the uniformity and reliability of the indicators followed across all entities, the Group has implemented common corporate, social and environmental (CSR) frameworks.

These documents detail the methodologies to be followed for the reporting of indicators for the whole Group. Committed to a process of ongoing improvement, Faiveley Transport is gradually completing this task in order to adapt its framework of CSR indicators to Group developments. This framework is based on the general principles defined by the Group in relation to scope, responsibilities, controls and limits and specify, for each indicator, its definition, the Department responsible, and the tools and methods for reporting the information used. This framework relies on the set of Group procedures formalised as part of the FMS (Faiveley Management System).

Unless otherwise specified, both the indicators and the information provided relate to the period of 12 months corresponding to the duration of Faiveley Transport's financial year, namely from 1 April to 31 March for each financial year.

CONSOLIDATION SCOPES

The corporate and social data included in this report concerns all Faiveley Transport Group's operating and industrial sites in France and internationally, as well as the parent company for the relevant indicators. Unless otherwise specified, the environmental data covers the main industrial sites detailed below:

- **Asia-Pacific:** Faiveley Transport Australia, Shanghai Faiveley Railway Technology, Faiveley Transport Rail Technologies India, Faiveley Transport Metro Technology Shanghai, Faiveley Transport Far East and FMPR;
- **Europe:** Faiveley Transport Witten, Faiveley Transport Leipzig, Faiveley Transport Nowe, Faiveley Transport Lekov, Faiveley Transport Plzen, Faiveley Transport Italia, Faiveley Transport Ibérica, Faiveley Transport Amiens, Faiveley Transport NSF, Faiveley Transport Tours, Faiveley Transport Gennevilliers, Faiveley Transport Nordic, Faiveley Transport Tamworth, Faiveley Transport Birkenhead, Faiveley Transport Tremonisce, Faiveley Transport Schweiz, Schwab Verkehrstechnik AG, Faiveley Transport Polska and Faiveley Transport Russia;
- **Americas**: Faiveley Transport North America, Amsted Rail Faiveley, Graham-White and Faiveley Transport do Brazil.

The holding companies, branches or sales offices as well as the data from the three joint ventures that the Group does not control, and which are equity accounted in the consolidated financial statements in accordance with IFRS 10, 11 and 12 *i.e.* the following companies: Shijiazhuang Jiaxiang Precision Machinery, Qingdao Faiveley SRI Rail Brake and Datong Faiveley Coupler Systems, are not included in the consolidation scope for environmental data.

Data for the companies which are not fully owned are fully incorporated into the Group's CSR reporting given that the other shareholders of these entities do not publish any CSR information.

CONSOLIDATION METHOD

The quantitative corporate and environmental data reporting process is carried out using Hyperion software, which is also used for consolidating financial data.

Qualitative corporate, environmental and social data is collected from each of the Human Resources Managers, Environmental Managers (safety and environment engineer) of the main sites or from the Finance Managers. This data is collected *via* a standard form to be completed by each of the sites and which covers the corporate, environmental and social themes included in the Faiveley Transport Registration Document. The data is then consolidated by the Finance and Human Resources Departments of the parent company.

The aim of the reporting process is to comply with French regulatory and legislative requirements and to ensure the reliability and quality of the reported data.

However, methodologies relating to certain corporate and environmental indicators may have limitations due to:

- the absence of definitions recognised at national and/or international level, concerning in particular the different types of employment contracts;
- the requirement for estimates, the representative nature of measurements or the limited availability of external data necessary for calculations;
- the practical considerations of collecting and processing this information.

CONTROLS

Each Department in charge of collecting data is responsible for the indicators provided. The control takes place during consolidation (review of variations, inter-entity comparison). Controls include comparison with the data from previous financial years, with the discrepancies deemed significant being subject to systematic analyses.

Social data relating to the registered workforce is compared with the consolidated data in the Hyperion database.

EXTERNAL VERIFICATION OF CSR INFORMATION

Given the provisions of Article 3 of the Decree of 13 May 2013 specifying the arrangements for the performance by third party independent bodies of assignments in application of the provisions of Article L. 225-102-1, the Group appointed the firm Mazars to carry out the audit required for the CSR information.

The independent third party body's report is included in Paragraph 5.5 of this Registration Document.

5.1 ENVIRONMENTAL **INFORMATION**

5.1.1 GENERAL ENVIRONMENTAL POLICY

The procedures aimed at ensuring the correct application of environmental, health and safety regulatory provisions are decentralised and controlled by each of the main industrial sites. Environmental, health and safety costs are budgeted at site or unit level and recognised in the consolidated income statement.

The year 2014/2015 saw the continuing implementation of procedures and methods aimed at providing better management of legal provisions, objectives and rules in terms of environmental management.

Each of the Group's main industrial sites has established a set of objectives to reduce energy, water and raw material consumption, curb local impacts (noise pollution, etc.) and promote waste recycling. The Company's process is decentralised: each unit is responsible for its environmental self-assessment, for defining an action plan and associated objectives and for reporting its own environmental data.

To this end, on the main sites in Europe and Asia (India and China), there is widespread implementation of HSE management and employees receive environmental training (sorting of waste, management of wastewater, emergency situations, etc.).

Every site concerned has implemented regulatory monitoring, carried out an environmental analysis of its activities and identified actions to ensure compliance with standard and environmental regulations, such as the management of waste and chemicals.

In the interests of continued improvement, a Group Quality, Health, Safety and Environment (QHSE) manager was appointed on 1 April 2015. He will be responsible for:

- organising the network of QHSE contacts on the sites and in each Division;
- developing best QHSE practices across all the Group's sites;
- and thus centralising the consolidation of the QHSE data included in this chapter.

5.1.2 MAIN ENVIRONMENTAL INDICATORS

Faiveley Transport seeks to limit the environmental impact of its own activities and has set itself four targets within this area:

- energy consumption;
- greenhouse gas emissions;
- water consumption;
- number of industrial sites with ISO 14001 certification.

The results and main initiatives are discussed in detail in the paragraphs below.

ENERGY CONSUMPTION

For a number of years, the Group has been collecting data on the energy consumption of all its sites. This information enables the Group to be in keeping with greenhouse gas emission reduction objectives, established at an international level, in particular within the framework of the European Union's commitments.

During the financial year, three of the Group's industrial sites used renewable energy (photovoltaic energy, solar energy and heat pumps).

The data collected relating to energy consumption was based on usage during 2014 (from 1 January to 31 December).

GAS CONSUMPTION AT THE MAIN INDUSTRIAL SITES

(kWh)	2014(1)	2013(1)	% change
Asia Pacific	1,116,297	692,519	+61.2%
Europe	23,861,568	27,693,409	-13.8%
Americas	10,094,684	5,962,939	+69.3%
GROUP	**35,072,549**	**34,348,867**	**+2.1%**

(1) The subsidiaries Schwab Verkehrstechnik AG, Faiveley Transport Tamworth, Faiveley Transport Birkenhead and FMPR are excluded from the scope.

Gas consumption over the financial year rose by 2.1%. For the Europe region, the mild winter led to falls in gas usage (down 14%). The significant increases seen for the Asia-Pacific and Americas regions were primarily related to the growth in business over the period.

ELECTRICITY CONSUMPTION AT THE MAIN INDUSTRIAL SITES

(kWh)	2014(1)	2013(1)	% change
Asia Pacific	5,363,522	4,643,717	+15.5%
Europe	23,563,574	23,590,785	-0.1%
Americas	15,806,634	14,046,760	+12.5%
GROUP	**44,733,730**	**42,281,262**	**+5.8%**

(1) The subsidiaries Schwab Verkehrstechnik AG, Faiveley Transport Tamworth, Faiveley Transport Birkenhead and FMPR are excluded from the scope.

The rise in electricity consumption at consolidated level was contained in Europe, though it increased in the other geographic regions. In general, the sites have been upgrading both their lighting and electrical heating systems on an ongoing basis. The Asia-Pacific and Americas regions saw their electricity consumption rise due to an increase in activity.

GREENHOUSE GAS EMISSIONS

In 2012/2013, Faiveley Transport Tours carried out its first Carbon Test in accordance with legislation applicable in France.

In 2011, the base year selected, this Group subsidiary, which specialises in on-board door equipment and mechanisms, passenger information, and energy sensors and convertors (EUR 140 million sales for around 650 employees on three sites) generated 2,443 tonnes of CO_2 equivalent in greenhouse gas emissions. The main emission items are the high consumption of natural gas, which is dependent on outdoor temperature and air humidity conditions, electricity consumption and consumption linked to the use of vehicles. Refrigerant leaks also constitute a considerable source of greenhouse gases. Action has been taken on the air conditioning systems to limit refrigerant leaks.

This assessment is available in full on the Group's website. Moreover, as part of its regulatory obligations, Faiveley Transport Tours will carry out a new carbon assessment next year.

The table below provides an overview of the greenhouse gas (GHG) emissions based on the electricity consumption of the sites concerned presented above. This data was obtained from the framework created by the International Energy Agency (2013) quantifying CO_2 emissions according to the source of the electricity production:

(Tonnes of CO_2)	2014(1)	2013(1)	% change
Asia Pacific	4,262	3,714	+14.7%
Europe	5,332	5,403	-1.3%
Americas	7,788	6,923	+12.5%
GROUP	**17,382**	**16,040**	**+8.4%**

(1) The subsidiaries Schwab Verkehrstechnik AG, Faiveley Transport Tamworth, Faiveley Transport Birkenhead and FMPR are excluded from the scope.

The increase in volume of CO_2 emissions released is in line with the increase in electricity consumption. In order to limit its CO_2 emissions, the Group has introduced certain measures such as installing particulate filters to reduce air emissions and discontinuing the use of oil fired heating.

WATER CONSUMPTION

The data collected relating to water consumption was based on consumption during 2014 (from 1 January to 31 December).

WATER CONSUMPTION AT THE MAIN INDUSTRIAL SITES

(m³)	2014[(1)]	2013[(1)]	% change
Asia Pacific	27,179	23,996	+13.3%
Europe	93,739	88,703	+5.7%
Americas	28,613	21,983	+30.2%
GROUP	**149,531**	**134,682**	**+11.0%**

(1) The subsidiaries Schwab Verkehrstechnik AG, Faiveley Transport Plzen, Faiveley Transport Australia and FMPR are excluded from the scope.

The general trend seen involves an increase in water consumption mainly due to growth in the Services Division's activity over the period. Devices for detecting leaks and leak prevention systems were widely introduced in the sites.

Moreover, no specific constraints in water supply were identified by the Group.

POLLUTION AND WASTE RECYCLING

As regards recycling, some of the Group's companies, particularly in Europe and the United States, make use of relevant indicators to monitor the recycling of the main raw materials used in their industrial operations (aluminium, steel and ferrous metals).

The Group encourages the implementation of measures which limit pollution and promote the recycling of waste, such as for example, using fully recycled materials and organic products, eliminating pesticides and weed killer used in the upkeep of green spaces, recycling batteries, bulbs, printed or metal circuit boards and buying machines which reduce the production of residual waste and pollutants.

Measures are being taken to limit the Group's pollution of its environment, such as for example an analysis of air and water emissions, the introduction of reservoirs and wastewater treatment systems, the purchase of containment tanks to limit the dispersal of products, and water and soil contamination; and the installation of purification systems for waste oils. Some of the major European sites use a single service provider responsible for the collection and management of all waste, ensuring a high recovery/recycling rate and the regulatory monitoring of removal and recovery networks.

RAW MATERIAL CONSUMPTION AND LAND USAGE

The Group does not disclose specific data regarding the consumption of raw materials. In fact, the Group's industrial operations are mainly based on the purchase of components, equipment and finely honed parts, and not on the purchase of unprocessed raw materials. In this context, data relating to the Group's consumption of raw materials would be neither relevant nor appropriate to Faiveley Transport's industrial operations.

With regard to the Group's activities, land usage is insignificant.

CONSIDERATION OF NOISE AND OTHER POLLUTION

Noise and other forms of pollution connected with the activities of the Group's sites are monitored in accordance with the local applicable regulatory requirements.

ISO 14001 CERTIFICATION

The Group has set itself the target of ensuring all its industrial sites are ISO 14001 certified, which is an international standard relating to the environmental management of organisations in order to constantly improve their environmental performance. This process is essential to meet customers' expectations and improve the public authorities and shareholders' trust in the Group.

Number of ISO 14001 certified sites	2014/2015	2013/2014	% change
Asia Pacific	3	3	-
Europe	11	11	-
Americas	2	2	-
GROUP	**16**	**16**	**-**

At 31 March 2015, sixteen entities, including the Group's main industrial sites, had ISO 14001 certification in relation to the environment management system. The certification process for Graham-White was ongoing at 31 March 2015.

5.1.3 IMPACT OF THE ACTIVITY ON THE ENVIRONMENT AND CLIMATE CHANGE

The Group's production activities, by their nature, generate little waste in the environment. Nevertheless, the Group is seeking to minimise the impact of its activities on the environment and climate change. To that end, the Group takes initiatives to integrate environmental concerns into the management of its operations and facilities:

- comply with the legal and regulatory requirements that apply to all sites;
- find solutions that limit the impact of operations on the environment, prevent pollution and ensure continuous improvement in economic competitiveness;
- reduce non-renewable energy consumption and improve the quality of waste gases as well as improving waste sorting;
- contribute to the business and social aspects of sustainable development.

It must be noted that the Group's activities have very little impact on biodiversity and the likely causes of an attack on it are easily managed (retention ponds, elevated tanks, correct storage of solvents and paint). The Group took full note of the Environment Public Liability Directive 2004/35/CE, adopted on 21 April 2004, on environmental responsibility in respect of the prevention and restoration of environmental damage. By this text, which was transferred into French law, a Group operation that damages fauna or flora is required to reverse the damage done or to bear the associated costs. Faced with this new regulation, the Group increased its attention to the protection of the environment and implemented the various options to cover this new area of liability with its insurers.

As of the date of this Registration Document, the Group has no knowledge of any environmental items or situations likely to have a significant impact on the financial position or results other than those described in Paragraph 2.4.3, Environmental Risks, included in Chapter 2 – Risk factors in this Registration Document.

5.1.4 PRACTICAL MEASURES IMPLEMENTED TO LIMIT ENVIRONMENTAL DAMAGE

Through its products and its engineering teams, Faiveley Transport is utterly committed to this sustainable development strategy and is making it a priority. The potential for making the rail sector more environmentally friendly by reducing energy consumption is still considerable and is the subject of significant research within the Group, which is distinguishing itself by its innovations in the field.

The Company's sustainable development strategy is based on the following principles:

- to contribute, through its technical excellence, to bringing to market products that make the train even more attractive to passengers;
- to use recyclable materials and identify the components requiring special end of life handling;
- to eliminate materials that are hazardous to health or the environment;
- to reduce the weight of the systems manufactured and improve the energy consumption of its products;
- to improve energy efficiency and reduce emissions into the atmosphere, consumption of resources and waste;
- to ensure suppliers apply the Group's economic, social and environmental principles.

The Group has led numerous initiatives destined to be rolled out across all the main industrial sites, examples of which include:

- environment (Group ISO 14001 certification; regulatory compliance; QHSE (Quality Health Safety Environment) coordinator at the industrial sites; replacement of certain substances; integration of environmental criteria into the management system; etc.);
- energy efficiency (lower consumption, reduction in waste and increase in recycling; carbon assessment; optimisation of travel; etc.);
- eco-design (restriction of the use of certain chemical substances; air quality evaluation systems; introduction of internal training; weight reduction of systems promoting lower consumption, recyclability, development of products using fewer components, etc.).

The Group has increased employee awareness of sorting waste and preventing the accidental spillage of chemicals, and has strengthened annual checks of dust and VOC emissions at its main industrial sites.

Lastly, the Group is committed to raising awareness among its suppliers by assessing their approach of environmental protection.

5.1.5 THE LATEST TECHNICAL INNOVATIONS THAT PROTECT THE ENVIRONMENT

Faiveley Transport Group is committed to the design and development of products that contribute to sustainable development allowing for improved user health and safety, energy savings and a reduction in the rail industry's environmental footprint. The Research & Development Department is particularly committed to finalising the implementation of regulatory requirements applicable to it.

5.2 SOCIAL **INFORMATION**

5.2.1 THE GROUP'S HUMAN RESOURCE POLICY

Faiveley Transport Group is significantly impacted by a change in the requirements of its traditional customers alongside the growing weight of new customers, resulting in increased needs in terms of competitiveness.

These developments mean that the Group must continue its international expansion and take advantage of both the size it recently reached and its expertise to develop the capacities and skills which will contribute to its success and its longevity. Customers now have new requirements; in particular a far shorter time to market and increased collaboration between Faiveley Transport's sites, for Engineering as much as for Logistics, Purchasing and Quality.

The Group's Human Resources strategy is directly influenced by these developments, and is built around two major axes:

- creating a shared culture; and
- attracting, developing and retaining talent.

2014/2015 was characterised by the ramp-up of a comprehensive strategy, put into practice by a corporate plan, Faiveley Worldwide Excellence (FWE), as well as special efforts to improve project implementation for clients. These efforts regarding the Group's project management and implementation capabilities are at the heart of its human resources strategy.

5.2.2 HUMAN RESOURCES INDICATORS

ANALYSIS AND CHANGE IN WORKFORCE

At the end of March 2015, the Faiveley Transport Group had 5,756 employees across 24 countries worldwide.

Geographic analysis

	2014/2015	2013/2014	Change
France	1,401	1,307	7.2%
Europe (excl. France)	2,117	2,048	3.4%
Americas	698	662	5.4%
Asia Pacific	1,540	1,537	0.2%
TOTAL	**5,756**	**5,554**	**3.6%**

The change in the workforce at the end of the last two years was as follows:

Analysis of workforce by type of employment contract

	2014/2015		2013/2014	
	Permanent	Fixed term	Permanent	Fixed term
France	1,317	84	1,274	33
Europe (excl. France)	1,923	194	1,929	119
Americas	691	7	662	-
Asia Pacific	1,517	23	1,471	66
TOTAL	**5,448**	**308**	**5,336**	**218**

Analysis of workforce by gender

The distribution of women across the workforce is uniform within the Group. The percentage of women in the Group was 19% at 31 March 2015, stable compared with the previous financial year (18% at 31 March 2014).

Analysis of workforce by age at 31 March 2015

Age	Total	%	France	Europe *(excl. France)*	Americas	Asia Pacific
<24	285	5%	63	82	37	103
25-30	976	17%	198	267	73	438
31-35	1,000	17%	193	301	86	420
36-40	786	14%	203	291	80	212
41-45	785	14%	240	320	81	144
46-50	690	12%	235	278	85	92
51-55	585	10%	146	269	88	82
56-60	428	7%	107	195	87	39
>60	222	4%	16	114	81	11
TOTAL	**5,756**	**100%**	**1,401**	**2,117**	**698**	**1,540**

At 31 March 2015, 62% of Faiveley Transport Group's workforce is aged between 25 and 45 years.

Analysis of workforce by years of service at 31 March 2015

Years of service	Total	%	France	Europe *(excl. France)*	Americas	Asia Pacific
< 2 years	1,281	22%	298	386	158	439
2-5 years	1,207	21%	183	449	142	433
5-10 years	1,353	23%	310	426	143	474
10-15 years	578	10%	190	251	90	47
15-20 years	369	6%	113	148	50	58
20-25 years	337	6%	127	121	54	35
25-30 years	231	4%	69	90	23	49
> 30 years old	400	7%	111	246	38	5
TOTAL	**5,756**	**100%**	**1,401**	**2,117**	**698**	**1,540**

At 31 March 2015, 43% of the workforce has worked for the Group for less than five years, and more than 23% has worked for the Group for more than 15 years.

Absenteeism rate 31 March 2015

Region	2014/2015	2013/2014
France	3.6%	2.6%
Europe (excl. France)	3.9%	3.4%
Americas	1.9%	1.1%
Asia Pacific	1.3%	1.2%
TOTAL	**2.8%**	**2.2%**

In most countries, absenteeism at the sites is below the national average for comparable industries. The Group total is 2.8% (number of hours' absence for illness or work related accident relative to the number of theoretical working hours), an increase compared with the previous financial year primarily due to the occurrence of flu epidemics, other seasonal illnesses as well as several long-term illnesses, which contributed to the decline in the number of hours worked.

Turnover rate at 31 March 2015

Calculation of the turnover rate is defined as being the average of the number of employees that left and the number of employees hired divided by the number of employees present at the beginning of the financial year.

Region	2014/2015	2013/2014
France	14%	10%
Europe (excl. France)	12%	8%
Americas	18%	15%
Asia Pacific	17%	15%
TOTAL	**15%**	**12%**

The increase in the turnover rate can be explained by:

- the increase in the number of new hires (up 22.4% representing an additional 152 hires);
- the increase in the number of departures with the creation of the "Others" category, including amongst other things, the expiry of fixed-term contracts, which was not taken into account last year.

Number of new hirings per geographic region and category of staff during the year

	Total	Managers	Non Managers	Apprentices	Trainees
France	214	17	150	17	30
Europe (excl. France)	226	22	194	4	6
Americas	124	12	110	2	-
Asia Pacific	281	38	224	-	19
TOTAL	**845**	**89**	**678**	**23**	**55**

Number of departures by geographic region and reason for departure during the year

Region	Total	Layoff	Retirement	Resignation	Other
France	162	29	24	31	78
Europe (excl. France)	253	88	26	75	64
Americas	114	54	1	43	16
Asia Pacific	249	37	14	174	24
TOTAL	**778**	**208**	**65**	**323**	**182**

5.2.3 DEVELOPMENT OF EMPLOYEE EXPERTISE

DEVELOPING A SHARED CULTURE

The high degree of internationalisation of the Group's activities combined with a strong order intake on major projects has profoundly changed the Group's profile over the past ten years. Becoming a global player in rail equipment must further its corporate culture. Strengthening collaboration between the Group's various sites and improving communication between organisations have become priorities for the Group in this respect.

The 2014/2015 financial year was marked by the continued implementation of the Faiveley Worldwide Excellence (FWE) company project, as well as by the introduction of the three-year Group strategic plan.

Fulfilling the aims of these plans requires, in Human Resources terms, the introduction of a shared Group culture in order to facilitate collaboration between its sites at all levels of the organisation.

The main project carried out during the 2014/2015 financial year concerned the Group's values. This large scale initiative involved 10% of the Group's employees across 23 countries. The Group's three values have thus been defined as Reliable, Collaborative and Passionate.

The 2015/2016 financial year will be dedicated to the deployment of these values so that they become an intrinsic part of all the Group's Human Resources procedures such as individual performance management, talent reviews, remuneration management, development of managerial and leadership skills, etc.

ATTRACTING AND DEVELOPING TALENT

Due to the challenges it faces, Faiveley Transport needs to attract, develop and retain talent throughout the world, and also needs to strengthen and perpetuate skills within many areas. Some, such as project and supply chain and procurement management, are rather generic. Others are more specifically linked to the Group's activity and to the technologies implemented in order to develop and manufacture its products and systems.

Traditionally, each site has been given a free hand in its choices and investments in terms of developing talent and skills, with very few Group directives. 2014/2015 has been a year of profound change in this area. The Group has laid the foundations for talent management that is more centralised and more proficient, whilst continuing to rely on the centres of expertise for each Division, with in particular:

- **a standard talent review process and tools** used to review the organisation's top 200 and implemented over the course of the 2013/2014 financial year. They have been rolled out across the major Faiveley Transport sites during the 2014/2015 financial year;
- **a shared management system for annual performance interviews** was rolled out, at the end of the 2013/2014 financial year, for 50% of the Group's engineers and managers. This deployment was extended to all categories during the 2014/2015 financial year. This system will mean that skills development needs can be consolidated, and effective action plans introduced;
- **a global project for skills development in project management** has been launched. The Access & Mobility Division piloted the project, which will be extended in 2015/2016 to all the Group's other Divisions. This project led to the drafting of a shared framework of skills for the Project Management programme. The members of this programme then assessed themselves and were assessed by their line manager. The disparities between the framework and the assessment were incorporated into individual skills development plans.

Lastly, the Group continued its efforts to increase the internal mobility of its engineers and managers. The Group's objective is to increase both the number of internal promotions and the number of expatriates, and to reduce the number of external recruitments. The main purpose of developing expatriation is to ensure the transfer of technologies, culture and managerial expertise; and to thereby support the Group's international expansion, the development of standard skills and a shared culture.

TRAINING

In this constantly changing economic environment for Group companies, maintaining and developing employees' expertise is an essential feature of the continuing improvement in the Group's overall performance.

Professional training constitutes in this respect a major area of the Human Resources policy. During the year, the training programmes concerned all positions. In addition to increasing awareness of safety measures and quality standards, the largest part of the training budget continued to be dedicated to updating technical skills.

The training policy is entirely adapted to the local level in line with the issues encountered at each site. The Group aims to ensure the uniformity of training across the sites.

The objectives of the training indicators are to monitor the training budget of each entity, the percentage of trained employees and managers and the nature of training organised.

Percentage of gross payroll dedicated to training[1]

	2014/2015	2013/2014
France	0.70%	0.96%
Europe (excl. France)	0.50%	0.72%
Americas	0.52%	1.13%
Asia Pacific	0.88%	0.98%
TOTAL	**0.61%**	**0.88%**

(1) Only teaching costs are included.

The drop in the percentage of the gross payroll devoted to professional training was due to a fall in language training in Germany, a decline in leadership training in the United States and a freeze on training in the Shanghai entity.

Number of training hours

During the 2014/2015 financial year, the Group's employees received 67,889 hours of external training, which primarily involved soft skills (24% of hours' training) and technical training (54% of hours' training).

Number of training hours by category of personnel, per year

		Managers		Non-managers	
	Total	Non-shop floor	Shop floor	Non-shop floor	Shop floor
France	522	48	24	296	154
Europe (excl. France)	1,302	153	44	619	486
Americas	262	45	11	145	61
Asia Pacific	784	156	13	343	272
TOTAL	**2,870**	**402**	**92**	**1,403**	**973**

50% of Faiveley Transport Group employees attended at least one training session during the 2014/2015 financial year.

REMUNERATION POLICY

Efforts undertaken to control payroll costs were continued, while retaining the principle of individualised remuneration, based on results and performance.

Generally speaking, the financial resources available for wage and salary increases within the Group are negotiated annually with staff representatives at all the Group's main sites. The remuneration policy is as follows:

- an individual increase depending on the results and performance of each employee;
- a variable annual bonus, which is given to executives and managers depending on Group and individual objectives, in all Group companies.

Management's objective is to maintain an increase in salaries throughout Group companies.

In 2014/2015, a specific effort was made to standardise the management policy for variable portions across all Group companies. This resulted in the introduction of a single policy, the Group Bonus Plan, which applied fully to the results for the 2014/2015 financial year. Here too, it is a matter of ensuring that all the Group's managers are assessed and remunerated using common criteria and tools in order to develop a shared performance culture.

Change in remuneration

The table below shows the change in remuneration over the past three financial years:

(EUR millions)	2014/2015	2013/2014 restated[1]	2013/2014	2012/2013
Salaries and bonuses	214.1	204.8	205.5	198.7
Social security charges	56.0	53.7	53.9	55.5
Other personnel costs	13.8	10.2	10.4	8.6
TOTAL PAYROLL COSTS	**286.0**	**268.7**	**269.8**	**262.8**

(1) Restated pursuant to the retrospective application of IFRS 10, 11 and 12. See Note 3 to the consolidated financial statements included in Paragraph 3.6 – Consolidated Financial Statements in this Registration Document.

RECOGNITION OF EMPLOYEE BENEFITS

Employee benefits, mainly comprising pension commitments, are recorded in the consolidated financial statements in accordance with IFRS norms. These amounted to EUR 45.8 million at 31 March 2015 compared with EUR 36.5 million at 31 March 2014.

PROFIT-SHARING SCHEMES

Faiveley Transport has set up a Group savings scheme, which is common to all French sites. Since June 2011, all French subsidiaries adhere to a new employee savings plan, which includes a Group savings plan (PEG) and a Group joint retirement savings schemes (PERCO). A Group Committee meets once a year in France to monitor employee savings plans.

PROFIT-SHARING AGREEMENTS

All French subsidiaries have implemented profit-sharing and bonus agreements.

WELFARE BENEFIT PLANS

In France, the Group has established standardised guarantees for all the personnel of Group's companies, regardless of the category of staff they belong to.

EMPLOYEE SHAREHOLDING POLICY

Faiveley Transport has set up a long-term motivation plan for employees. The objective is to enable certain employees to become shareholders in the Company and drive performance improvement. Faiveley Transport's employee shareholding policy is implemented through various plans whose main features are detailed in Paragraph 4.5 of this Registration Document.

5.2.4 ANTI-DISCRIMINATION POLICY

The Group seeks to combat all forms of discrimination. By signing the Group's Ethics Charter, all employees undertake to respect differences without discriminating in any way on the grounds of nationality, origin, age, gender, or religious or political beliefs.

In addition, pursuant to local regulations, Faiveley Transport conducts its activities whilst respecting the fundamental conventions of the International Labour Organisation (ILO) wherever the Group operates, and promotes respect of Human Rights.

The ILO fundamental conventions cover several themes including in particular respecting the freedom of association and the right to collective bargaining, the elimination of discrimination in relation to employment and occupation, the elimination of forced labour and the effective abolition of child labour.

GENDER EQUALITY AT WORK

Faiveley Transport is committed to promoting a level playing field of equality between men and women in their career development, access to training, salaries and in their position within the Company. All Group subsidiaries in France have implemented an action plan aimed at ensuring gender equality in the workplace, either through collective agreements or as a result of a unilateral decision.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

All Group companies, whose local laws provide for the employment of a certain percentage of disabled employees, make it one of their priorities.

5.2.5 WORK RELATED ACCIDENTS/HEALTH AND SAFETY CONDITIONS AND ARDUOUS NATURE OF WORK

The prevention of health and safety risks is a priority for the Group.

The various risks encountered in Group activities and the steps taken to deal with them are described in Chapter 2 – Risks factors – Health and safety risk paragraph of this Registration Document.

The Health and Safety Committees established in France meet quarterly. During these meetings, critical situations are discussed and priorities are defined along with the costing of the action to be taken. The results of such steps are analysed.

Not only does the Group hold these meetings in accordance with applicable local legislation, it also ensures that staff have an updated brochure containing information on health and safety measures within the Company and on acceptable staff behaviour. Fire drills are conducted on a regular basis.

In addition to the steps implemented by the Health and Safety Committees, progress groups are continuing to work within the various companies of the Group, focusing on risk prevention and implementing the safety training policy.

All subsidiaries in France have carried out an analysis to determine the percentage of employees exposed to arduous working conditions, in order to put into place the necessary actions to reduce exposure to this risk.

Faiveley Transport considers that the improvement of working conditions contributes to the Group's sustainability and development. The prevention of occupational risks is based on both ethical and legal obligations.

The occurrence of work-related accidents is monitored, analysed and communicated on a monthly basis, through a number of indicators. Encouraging results in terms of employee safety were recorded.

Indicator	Definition	2014/2015	2013/2014
Number of accidents with work stoppage		71	67
Frequency rate of accident	Number of accidents with work stoppage/number of hours worked *1,000,000	6.73	5.91
Severity rate	Number of working days lost/number of hours worked *1,000	0.14	0.10

The frequency rate of accidents and their severity rate have risen slightly due to the increase in the number of accidents involving work stoppage over the period and the fall in the number of hours worked.

Occupational diseases are monitored locally in accordance with the applicable regulatory requirements.

5.2.6 WORK ORGANISATION AND LABOUR RELATIONS

ORGANISATION OF THE WORKING WEEK

In France, the reduction and structure of the working week effective within Group companies are subject to the applicable laws and collective agreements. The steps taken to reduce working hours means overtime levels are low. In the rest of the world, the structure of the working week and the management of overtime are governed by the law in each country.

COLLECTIVE AGREEMENTS

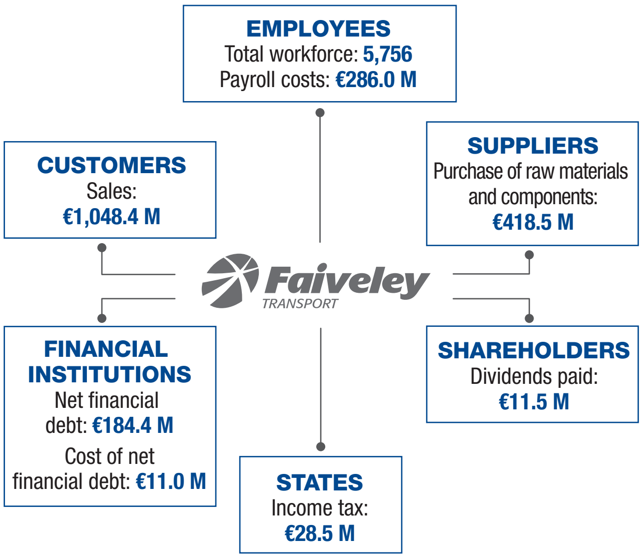
The French companies of the Faiveley Transport Group are all subject to the metal industry national collective agreement. Approximately fifty collective agreements are in force at the Group's different sites and cover various subjects such as equality, organisation of working time and health and safety at work.

PERSONNEL REPRESENTATIVES

Most subsidiaries of the Group have personnel representatives. The Group has a European Work Council that meets twice a year, as well as a Group Committee in France that meets once a year.

5.3 CORPORATE **RESPONSIBILITY**

5.3.1 MAPPING OF STAKEHOLDERS



Faiveley Transport Group is developing initiatives to promote close relationships with its external stakeholders. Amongst the stakeholders presented above, Faiveley Transport distinguishes three key stakeholders: customers, suppliers and employees. The satisfaction of the Group's main customers, manufacturers and rail operators, is an absolute priority for Faiveley Transport Group.

5.3.2 CUSTOMERS WITH INCREASED REQUIREMENTS

The emergence of new customers, as well as the increase in traditional customers' requirements, has resulted in greater needs in terms of competitiveness which translate into the following objectives: containing the prices of our systems and products, and delivering better quality and reliability whilst simultaneously increasing the pace at which we are developing our systems and delivering to our customers.

All the Group's teams have been mobilised since 2013 in order to develop Faiveley Transport Group's new operational ambition: Faiveley Worldwide Excellence, a strategy focused on quality and customer satisfaction.

5.3.3 OUR SUPPLIERS: PURCHASING AND LASTING RELATIONSHIPS

The Faiveley Transport Group aims to establish long-term relationships with its suppliers. For the Group, it is not a matter of seeking suppliers but rather partners in order to establish a relationship which brings about mutual, long-term benefits. It is the Group's responsibility to see that all rules and best practices concerning the protection of people and the environment are implemented. Key factors in the choice of suppliers are respect for socially responsible work standards to exclude all forms of discrimination and prohibit the recruitment of minors, as well as to prevent any favouritism.

THE "10 COMMITMENTS" CHARTER FOR BETTER RELATIONSHIPS BETWEEN FAIVELEY TRANSPORT AND ITS SUPPLIERS

Faiveley Transport signed the French Charter proposed by the French government to improve relationships between large and small to medium-sized companies. The companies which signed the charter confirmed that they are committed to implementing best practices and fulfilling their responsibilities in an environment of mutual trust with suppliers, based on full knowledge and respect for the rights and obligations of each party.

The "10 Commitments" Charter for responsible purchasing addresses the following:

1. ensuring financial equity in relation to suppliers;
2. promoting collaboration between major customers and strategic suppliers;
3. reducing the risk of mutual dependence between customers and suppliers;
4. involving major customers in the management of their industry;
5. assessing the full cost of the purchase;
6. incorporating environmental issues;
7. ensuring local responsibility for the Company;
8. purchasing: one function and one process;
9. a Purchasing function responsible for overall management of supplier relationships;
10. setting a consistent buyers' remuneration policy.

COMMITMENT AND TRAINING OF PURCHASING TEAMS

Likewise, all members of the Faiveley Transport purchasing team have signed the "Purchasing Charter" which defines and reminds the team of the basic values and the behaviour which all Group employees must adopt.

CONTRACTUAL AGREEMENTS WITH SUPPLIERS

The new "Faiveley Transport – supplier agreement" comprises clear rules which provide for immediate termination of the supplier relationship where ethical and moral regulations are not complied with.

ASSESSMENT OF SUPPLIERS

Audits of Faiveley Transport suppliers contain a full chapter on environmental best practices, as well as on health and safety at work. The Group's suppliers must not engage in practices which could put their employees, their customers, the Company or the environment in danger.

SUB-CONTRACTING

As part of its activities, the Group may call upon external subcontractors (EUR 45.3 million during the 2014/2015 financial year compared with EUR 40.5 million in the previous financial year).

SUPPLIER DEVELOPMENT PROGRAMME

As an assembler, Faiveley Transport Group is heavily dependent on the quality of its suppliers and subcontractors. In addition to the implementation of the FWE Programme, and in order to fulfil its operational goals, during the 2014/2015 financial year, the Group introduced a development programme for its suppliers (Supplier Performance Development Programme), which involves supporting Faiveley Transport's main suppliers. The aim is to improve their operational performance (quality, product development and lead time) through a better understanding of Faiveley Transport's requirements as well as those of the rail industry, and an optimisation of working interfaces. At 31 March 2015, a sample of four suppliers had been assessed. This sample will be extended during the 2015/2016 financial year.

5.3.4 ETHICS AND FIGHT AGAINST CORRUPTION

The subsidiaries of Faiveley Transport have a structure which limits the risk of corruption in the Group. Combatting all forms of active and passive corruption is enshrined in the Group's Ethics Charter. This document formalises the principles applicable in all circumstances by all employees in all countries. The Ethics Charter, approved by the Supervisory Board and the Chief Executive Officer is available to all employees *via* the Group's Intranet.

In order to limit the risk of corruption, the Group has a structure involving all hierarchical levels (Executive Committee, Site Management(s) and cross Group Internal Control, Legal, Human Resources and Finance Departments). Faiveley Transport has a reporting protocol for cases of fraud including aspects of corruption. Internal and external audit operations are regularly carried out throughout the Group's locations. The Group Ethics Charter is distributed in all its subsidiaries. The purpose of this charter is to describe the ethical commitments and responsibilities to be upheld in the course of the Company's business and activities. It describes the values that all Faiveley Transport Group executives and employees must respect and ensure are respected. The general tenets of the Ethics Charter are as follows:

- respecting laws and regulations: apart from the laws specific to each country, this obligation also includes respecting domestic and international competition rules;
- environmental compatibility: the Group undertakes to ensure the quality and specifications of its manufacturing capability and processes;
- models and rules of conduct: the behaviour and relationships of all persons working for the Group must be guided by transparency, impartiality and mutual respect.

5.3.5 RELATIONSHIPS WITH LOCAL COMMUNITIES

Most of Faiveley Transport's production sites have been established for many years in the same region and are well accepted by the local population. The Group aims to recruit its teams locally and is often recognised as a major employer in the areas in which it operates.

The Faiveley Transport Group companies are also involved with local industrial and economic development where they are members of professional associations and take part in research studies with local schools and universities and sometimes partnerships with local training organisations.

The Faiveley Transport Group is also actively involved with local communities throughout the world, supporting several initiatives. Each of the Group's sites contributes to the development of local communities through targeted actions (educational support, donations to charitable organisations, sponsorship for sporting organisations, etc.).

5.4 **CSR** CROSS-REFERENCE TABLE

with Articles L. 225-102-1 and R. 225-14 and subsequent of the Commercial Code

Workforce information	Number of Registration Document page
Employment	
Total workforce and employee distribution by gender, age and geographic region	170-171
Hirings and layoffs	172
Remuneration	174-175
Work Organisation	
Organisation of working hours	176
Absenteeism	172
Labour relations	
Organisation of social dialogue – including regulation and procedures regarding information, consultation and negotiation with employees	176
Collective bargaining agreements	176
Health and safety	
Health and safety at work	176
Agreements signed with unions or employee representatives in terms of health and safety at work	176
Work accidents, particularly their frequency and severity, and occupational diseases	176
Training	
Training policies	173
Total number of training hours	174
Equal opportunity	
Gender equality	175
Employment and integration of disabled employees	175
Anti-discrimination policy	175
Promotion of and compliance with International Labour Organisation fundamental conventions	
Relating to freedom of association and collective bargaining	175-176
Relating to the elimination of employment and occupational discrimination	175
Relating to the suppression of forced or compulsory labour	175
Relating to the effective abolition of child labour	175

Environmental information	Number of Registration Document page
General environmental policy	166
Company organisation to take into account environmental issues and, where applicable, environmental assessment and certification processes	168
Training and employee information actions conducted in relation to environmental protection	166, 169
Resources allocated to avoiding environmental risks and pollution	169
Amount of provisions and guarantees for environmental risks, providing this information is not liable to seriously prejudice the Company in an ongoing litigation	169
Pollution and waste management	
Measures to prevent, reduce or remediate air, water and soil pollution emissions that seriously damage the environment	169
Measures to reduce, recycle and dispose of waste	168-169
Taking into account noise pollution and all types of pollution specific to a particular activity	168-170
Sustainable use of resources	
Consumption and supply of water in line with local constraints	168
Consumption of raw materials and measures taken to make more efficient use of them	168
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	166-167
Use of soil	168
Climate change	
Greenhouse gas emissions	167
Adaptation to the consequences of climate change	169
Protection of biodiversity	
Measures taken to safeguard biodiversity	169

Information on social commitments to sustainable development	Number of Registration Document page
Territorial, economic and social impact of the Company's activity	
On employment and regional development in France	179
On the local and neighbouring communities	179
Relations with individuals and organisations interested in the Company's activity, particularly social integration and educational institutions, environmental protection organisation, consumer associations and local communities	
Conditions of dialogue with these individuals or organisations	177-178
Acts of partnership or sponsorship	179
Subcontractors and suppliers	
Purchasing policies that take into account social and environmental issues	177-178
Significance of sub-contracting and its inclusion in relationships with suppliers and sub-contractors regarding their corporate, social and environmental responsibilities	178
Fair practices	
Measures taken to avoid corruption	178
Measures taken to safeguard the health and safety of consumers	NA
Other measures taken to safeguard human rights	**NA**

5.5 STATEMENT OF COMPLETENESS AND LIMITED ASSURANCE REPORT BY THE INDEPENDENT THIRD-PARTY BODY **ON THE CORPORATE, ENVIRONMENTAL AND SOCIAL INFORMATION**

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

Financial year ended 31 March 2015

To the Shareholders,

As independent third-party whose accreditation was accepted by COFRAC under the number 3-1058 [(1)], we hereby present our report on the consolidated social, environmental and societal information provided in the management report prepared for the year ended 31 March 2015, (hereinafter referred to as "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

The Board of Directors of Faiveley Transport is responsible for preparing a management report including the CSR Information required under Article R. 225-105-1 of the French Commercial Code, in accordance with the reporting criteria of the Company (hereafter the "Reporting Criteria") and available on request to the society headquarter.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics and by the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with deontological rules, professional standards and applicable legal texts and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

Based on our work, our role is to:

- attest that the required CSR Information is disclosed in the management report or, that an explanation has been provided if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- provide limited assurance that, on the whole, the CSR Information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR Information).

Our work was carried out by a team of 4 people between April 2015 and June 2015 for a period of about 6 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated 13 May 2013 determining the methodology according to which the independent third party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000 [(2)].

(1) whose the scope is available on the website www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

We got acquainted with the direction that the Group is taking, in terms of sustainability, with regard to the social and environmental, consequences of the Company's business and its societal commitments and, where appropriate, the actions or programs that stemmed from it.

We compared the CSR Information presented in the management report to the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We checked that the CSR Information covers the consolidated scope, which includes the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (*Code de commerce*) and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*), subject to the limits set forth in the methodological note presented in the Chapter 5 of the management report.

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. FAIRNESS REPORT WITH RESPECT TO CSR INFORMATION

Nature and scope of procedures

We conducted about fifteen interviews with the persons responsible for the preparation of CSR Information from the departments in charge of the process of gathering information and, where appropriate, responsible of the internal control and risk management to:

- assess the appropriateness of the Reporting Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the Industry best practices.

Concerning the CSR information that we considered to be most significant (1):

- at the level of Group Financial Department and Group Human Resources Department, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative and verified, on the basis of sampling techniques, the calculations and consolidation of the information; and we verified its consistency with the other information contained in the management report;
- at the level of a representative sample of entities (2) selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis; we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling basis, to verify the calculations performed, and reconciled data with supporting evidence.

The selected sites contribution to group data equals to 20% of headcount and from 33% to 61% of the quantitative environmental information tested.

Regarding the other CSR consolidated Information, we assessed its fairness and consistency based on our knowledge of the Group.

Finally, we assessed the relevance of the explanations relating to, where necessary, the omission of certain information.

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques, and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

CONCLUSION

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR Information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

La Défense, 19 June 2015

The Independent Third Party

Mazars SAS
Emmanuelle Rigaudias
Sustainable development Partner

(1) *Headcount by gender, age and geographical area; Absenteeism rate; Frequency rate of work accidents; Number of people trained; Total training hours; Energy consumptions (gas and electricity); Water consumptions; CO_2 emissions due to electricity consumptions; Number of ISO 14001 certified sites.*

(2) *Faiveley Transport Tours, Faiveley Transport Italia, Graham White (electricity and water consumptions).*

INFORMATION ON THE COMPANY AND THE SHARE CAPITAL

6

6.1 GENERAL INFORMATION ABOUT THE COMPANY

NAME AND REGISTERED OFFICE

Name:	FAIVELEY TRANSPORT
Registered office:	Immeuble Le Delage – Hall Parc – Bâtiment 6A 3 rue du 19 mars 1962 – 92230 Gennevilliers
Telephone:	+33 (0)1 48 13 65 00

LEGAL FORM AND APPLICABLE LAW

The Company is a *Société Anonyme* (French limited company) with a Management Board and a Supervisory Board governed by French common law on commercial companies and more specifically by Book II of the Commercial Code, as well as by current stock market regulations, notably in relation to public disclosure requirements.

DATE OF INCEPTION AND TERM OF THE COMPANY

The Company was founded on 7 December 1981 for a lifespan of 99 years from the date of its registration on the Company and Trade Register until 30 December 2080, unless the Company is dissolved or its lifespan extended by the Extraordinary General Meeting.

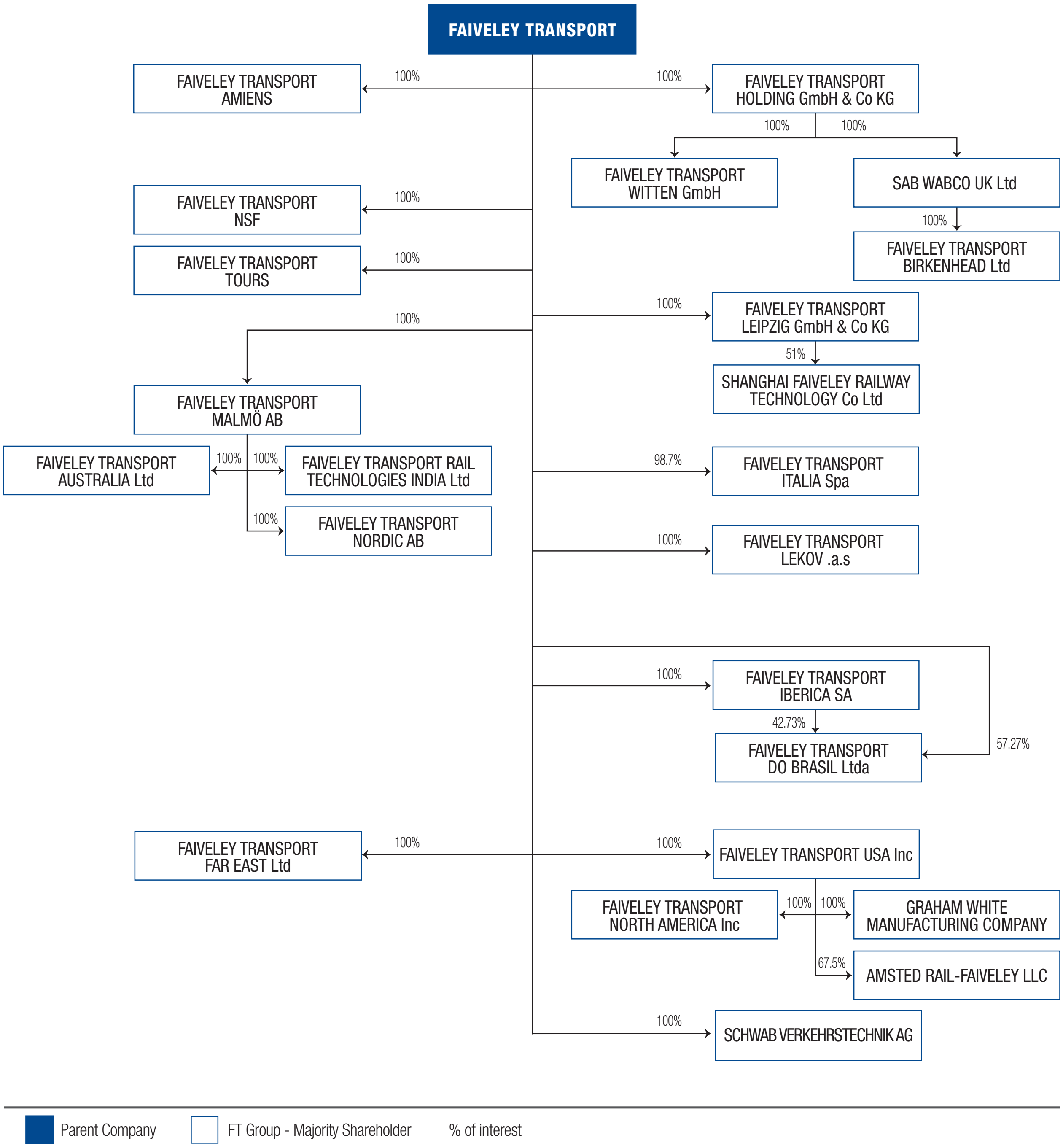
FINANCIAL YEAR

The financial year extends from 1 April to 31 March of each year.

TRADE AND COMPANY REGISTER

The Company is registered on the Nanterre Trade and Company Register under registration number 323 288 563 (APE code – 6420 Z).

6.2 SIMPLIFIED **GROUP** ORGANISATION CHART AT 31 MARCH 2015



6.3 MAIN GROUP **ENTITIES**

Faiveley Transport is the Group's holding company. It directly owns the operational subsidiaries. The companies listed in the following table are the Group's main companies, fulfilling the following criteria:

- principal holding companies;
- sales in excess of EUR 15 million at 31 March 2015.

The complete list of consolidated companies, along with their consolidation method, is included in the Notes to the consolidated financial statements (note 37 – Consolidation scope and method included in section 3.6 – Consolidated Financial Statements of this Registration Document).

Entity	Country	Division
Holding companies		
Faiveley Transport	France	
Faiveley Transport Holding GmbH & Co. KG	Germany	
Faiveley Transport Malmö AB	Sweden	
Operational companies		
Faiveley Transport Leipzig GmbH & Co. KG	Germany	Energy & Comfort
Faiveley Transport Witten GmbH	Germany	Brakes & Safety
Faiveley Transport Australia Ltd.	Australia	Brakes & Safety
Faiveley Transport Do Brasil Ltda.	Brazil	Access & Mobility
Shanghai Faiveley Railway Technology Co. Ltd.	China	Energy & Comfort
Faiveley Transport Far East Ltd.	China	Access & Mobility
Faiveley Transport Ibérica SA	Spain	Access & Mobility
Faiveley Transport North America Inc.	United States	Access & Mobility
Amsted Rail - Faiveley LLC	United States	Brakes & Safety
Graham-White Manufacturing CO.	United States	Services
Faiveley Transport Amiens	France	Brakes & Safety
Faiveley Transport Tours	France	Access & Mobility
Faiveley Transport NSF	France	Energy & Comfort
Faiveley Transport Birkenhead Ltd.	United Kingdom	Services
Faiveley Transport Rail Technologies India Ltd.	India	Services
Faiveley Transport Italia Spa	Italy	Brakes & Safety
Faiveley Transport Lekov a.s.	Czech Republic	Access & Mobility
Faiveley Transport Nordic AB	Sweden	Services
Schwab Verkehrstechnik AG	Switzerland	Brakes & Safety

6.4 SHARE CAPITAL **AND VOTING RIGHTS**

6.4.1 SHARE CAPITAL

CHANGES IN SHARE CAPITAL DURING THE FINANCIAL YEAR

At 31 March 2015, the Company's share capital totalled 14,614,152 shares of EUR 1 each, fully paid up, all of the same class.

At 31 March 2015, the total number of theoretical voting rights was 22,335,152 and the number of exercisable voting rights was 22,101,278.

SUMMARY TABLE OF THE DELEGATIONS OF AUTHORITY GRANTED BY THE ANNUAL GENERAL MEETING TO THE MANAGEMENT BOARD (ART. L. 225-100-7 OF THE COMMERCIAL CODE)

Nature of authorisation given to the Management Board	Date of AGM	Duration and expiry of the authorisation	Maximum nominal amount	Usage at 31/03/2015
Authorisation given to the Management Board to trade in Company shares	AGM 12 September 2014 (9th resolution)	18 months, until 12 March 2016	Maximum purchase price EUR 90 Limit of 10% of the share capital The maximum amount to be allocated to the buyback programme is EUR 65 million	Delegation used as part of the share stimulation objective
Delegation given to the Management Board to proceed with the allocation of free shares, either existing or to be issued	AGM 12 September 2014 (12th resolution)	38 months, until 12 November 2017	Limit of 1% of the share capital	Delegation used twice on 25 November 2014 and 27 March 2015
Delegation given to the Management Board to grant share subscription and/or purchase options	AGM 12 September 2014 (13th resolution)	38 months, until 12 November 2017	Limit of 1% of the share capital	Not used
Delegation given to the Management Board to increase the share capital without waiver of pre-emption right through a private placement for the benefit of qualified investors or a restricted circle of investors	AGM 12 September 2013 (13th resolution)	26 months, until 12 November 2015	Limit of 10% of the share capital	Not used

6.4.2 NON-EQUITY SECURITIES

At the date of this Registration Document, the Company had not issued any non-equity securities.

6.4.3 BUYBACK BY THE COMPANY OF ITS OWN SHARES

The following paragraphs contain the information to be provided in application of Article L. 225-211 of the Commercial Code and describe, in accordance with the provisions of Article 241-3 of the General Regulations of the *Autorité des Marchés Financiers*, the share buyback programme subject to the approval of the Annual General Meeting of shareholders to be held on 18 September 2015.

TRANSFER AND BUYBACK OF TREASURY SHARES DURING THE FINANCIAL YEAR

Since 1 October 2012, a liquidity contract complying with the AMAFI ethics charter and recognised by the *Autorité des Marchés Financiers* has been implemented between the Company and Exane BNP Paribas to stimulate trading.

During the 2013/2014 financial year, 53,863 securities were bought at an average price of EUR 52.61 and 54,383 securities were sold at an average price of EUR 52.93.

At 31 March 2015, the Company held 233,874 treasury shares representing 1.60% of its share capital. The book value of these securities was EUR 13,515,403.72 and their market value was EUR 13,195,171.08. Of these 233,874 treasury shares held at 31 March 2015, 10,255 were allocated to the liquidity contract, 107,619 to share allocation programmes and 116,000 for cancellation.

During the financial year ended 31 March 2015, the Company did not buy back any Faiveley Transport shares aside from those purchased by an investment service provider *via* a liquidity contract.

NEW SHARE BUYBACK PROGRAMME TO BE SUBMITTED FOR APPROVAL AT THE ANNUAL GENERAL MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

On the occasion of the Combined General Meeting which will take place on 18 September 2015, a draft resolution concerning the renewal of this share buyback programme will be submitted to a shareholder vote.

These transactions may be carried out to:

- ensure the liquidity and to stimulate the market of Faiveley Transport shares by an investment services provider *via* a liquidity contract that complies with an ethics charter recognised by the *Autorité des Marchés Financiers*;
- sell or allocate them to Group employees and/or executives, notably as part of free share allocation, stock option, shareholding, savings or other plans, under French or foreign law;
- cancel them by means of a reduction in capital within the limits set by law;
- retain them within the limit of 5% of the capital and use them in exchange or payment, in particular as part of acquisitions initiated by the Company, by means of public offering or other;
- implement any other market practice permitted by the *Autorité des Marchés Financiers* and more generally any transaction in compliance with applicable regulations.

Company shares may be purchased provided the total number of shares held by the Company following such purchases does not exceed 10% of the shares comprising the capital of the Company, this percentage being applied to capital adjusted according to the transactions that may affect it subsequent to the current General Meeting.

Purchase, disposal, exchange or transfer transactions may be carried out at any time, expect at the time of a public offering for Company shares, and by any means, on the market or by private contract, including by acquisition or disposal of blocks, or by recourse to derivative financial instruments, under the conditions provided for by market authorities and in compliance with regulations. The maximum share capital acquired, disposed of, exchanged or transferred by means of a block of securities may relate to the entire buyback programme.

The maximum purchase price is set at EUR 100 per share. The General Meeting delegates to the Management Board the power to adjust the aforementioned purchase price in order to take account of the incidence of possible financial transactions on the share value. In particular, in the event of an increase in capital by capitalisation of reserves and the allocation of free shares, the price detailed above will be adjusted by a multiplying factor equal to the ratio of the number of securities comprising the share capital before and after the transaction.

The maximum amount to be allocated to the buyback programme is EUR 65 million.

If this resolution is adopted at the upcoming Annual General Meeting, the authorisation granted to the Management Board will cancel and replace that granted during the Annual General Meeting of 12 September 2014.

6.4.4 OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

Nil.

6.4.5 CONDITIONS GOVERNING ANY ACQUISITION RIGHT OR ANY OBLIGATIONS ATTACHED TO AUTHORISED BUT UNISSUED CAPITAL

Nil.

6.4.6 PLEDGES

The table below shows the percentage of the share capital of the Company subject to pledges:

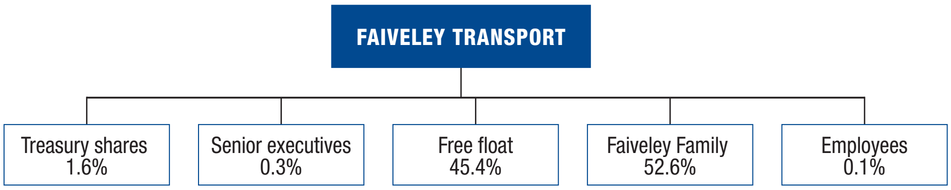
Name of pure registered shareholder	Beneficiaries	Start date of pledge	Expiry date of pledge	Condition for release of pledge	Number of shares pledged at 31 March 2015	% of capital pledged
Financière Faiveley	Société Générale	24/03/2006	31/03/2016	Full repayment of loan granted	35,200	0.24
Financière Faiveley	LCL	21/07/2014	31/03/2016	Full repayment of loan granted	22,880	0.16
Financière Faiveley	LCL	21/07/2014	01/07/2024	Full repayment of loan granted	224,000	1.53
Financière Faiveley	BECM	21/08/2014	29/08/2024	Full repayment of loan granted	144,000	0.99
Famille Faiveley Participations	Société Générale	12/10/2012	13/10/2019	Full repayment of loan granted	109,409	0.75
Famille Faiveley Participations	Banque Populaire BFC	01/10/2012	01/10/2022	Full repayment of loan granted	16,000	0.11

6.4.7 MOVEMENTS IN THE SHARE CAPITAL DURING THE LAST SIX YEARS

Date	Transactions	Increase in capital *(EUR)*	Cumulative number of shares	Share capital *(EUR)*
31 March 2010	Nil	Nil	14,404,711	14,404,711
31 March 2011	Nil	Nil	14,404,711	14,404,711
3 February 2012	Issue of new shares	209,441	14,614,152	14,614,152
31 March 2012	Nil	Nil	14,614,152	14,614,152
31 March 2013	Nil	Nil	14,614,152	14,614,152
31 March 2014	Nil	Nil	14,614,152	14,614,152
31 MARCH 2015	**NIL**	**NIL**	**14,614,152**	**14,614,152**

6.5 SHAREHOLDER BASE

■ SIMPLIFIED SHAREHOLDING STRUCTURE AT 31 MARCH 2015



6.5.1 CURRENT DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS

According to the list of registered shareholders provided by Société Générale and the identification of a certain number of bearer shareholders, the distribution of share capital and voting rights is as follows:

	At 31 May 2015		At 31 March 2015		At 31 March 2014		At 31 March 2013	
Shareholders	**% of shares held**	**% of exercisable voting rights**	**% of shares held**	**% of exercisable voting rights**	**% of shares held**	**% of exercisable voting rights**	**% of shares held**	**% of exercisable voting rights**
Financière Faiveley	43.21%	57.05%	43.21%	57.03%	43.21%	56.64%	43.21%	56.64%
Famille Faiveley Participations (FFP)	7.93%	9.55%	7.93%	9.55%	7.93%	9.48%	7.93%	9.48%
François Faiveley	ns	ns	ns	ns	ns	ns	ns	ns
Thierry Faiveley	1.48%	0.98%	1.48%	0.98%	1.48%	0.97%	1.47%	0.96%
Erwan Faiveley	ns	ns	ns	ns	ns	ns	ns	ns
TOTAL FAIVELEY FAMILY	**52.63%**	**67.58%**	**52.63%**	**67.56%**	**52.63%**	**67.10%**	**52.62%**	**67.09%**
Senior executives[(1)]	0.27%	0.27%	0.27%	0.27%	0.29%	0.25%	1.17%	1.41%
Treasury shares	1.58%	-	1.60%	-	2.00%	-	2.61%	-
Employees as part of the Faiveley Group savings plan	0.11%	0.14%	0.11%	0.14%	0.11%	0.14%	0.11%	0.14%
Free float[(2)]	45.42%	32.00%	45.40%	32.03%	44.98%	32.52%	43.49%	31.36%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Members of the Supervisory Board, the Management Board and the Executive Committee excluding Erwan Faiveley and François Faiveley.
(2) Calculated by difference.

At 31 May 2015, the number of exercisable voting rights was 22,101,278 and the number of theoretical voting rights was 22,335,152.

CROSSING OF THRESHOLDS

To the Company's knowledge, at the date of this Registration Document and with the exception of the Faiveley Family, no shareholder held more than 5% of the Company's capital or voting rights.

SHAREHOLDER VOTING RIGHTS

In accordance with the bylaws of the Company, a double voting right is granted to all fully paid-up shares for which proof has been provided that they have been registered in the name of the same shareholder for a period of at least two years.

This double voting right is automatically terminated for any share converted into a bearer share or subject to a transfer of ownership. Nevertheless, no transfer from registered to bearer, due to intestate or testamentary inheritance, to share of assets jointly held between spouses, or in vivo donation from a spouse or from immediate family members will interrupt the time limit set above or will entail the loss of the acquired right.

At 31 March 2015, 7,721,000 shares enjoyed double voting rights out of the 14,614,152 shares comprising the share capital.

MAIN DIRECT AND INDIRECT SHAREHOLDERS

The company Famille Faiveley Participations (FFP) owns:

- 7.93% of the share capital of Faiveley Transport directly;
- 58.06% of the share capital of the company Financière Faiveley indirectly, which holds 43.21% of the share capital of Faiveley Transport; and
- 52% of the share capital of the Holding Company Faiveley Frères, which holds 34% of the share capital of Financière Faiveley.

Each member of the Faiveley family votes separately. To the knowledge of the persons responsible for the Registration Document, there are no shareholder agreements between members of the Faiveley family.

There are no significant transactions with these companies outside the dividend paid in respect of each financial year and an agreement for the provision of services (worth EUR 380,409) with Famille Faiveley Participations, authorised in respect of regulated agreements.

In order to prevent any abuse of control on the part of the principal shareholder within the Company, Philippe Alfroid was elected Chairman of the Supervisory Board on 22 September 2009, replacing François Faiveley.

He was reappointed to this role on 14 September 2012 for three years. The members of the Supervisory Board considered that this would contribute to better governance within the Company.

6.5.2 AGREEMENTS THAT MAY RESULT IN A CHANGE IN CONTROL

Nil.

6.6 STOCK MARKET **INFORMATION**

6.6.1 THE MARKET FOR FAIVELEY TRANSPORT SHARES

Faiveley Transport shares (ISIN: FR 0000053142, ticker LEY) are listed on the regulated Euronext Paris market (compartment B) and are included in the CAC Mid & Small, CAC AllShares, CAC All Tradable, CAC Small, CAC Industrials and CAC Ind. Engin indices.

6.6.2 SHARE TRANSACTIONS OVER THE LAST 18 MONTHS

Period	Number of shares traded	Average closing price *(EUR)*	Adjusted highs and lows *(EUR)* High	Adjusted highs and lows *(EUR)* Low	Market capitalisation *(EUR millions)*
December 2013	187,067	52.08	53.08	50.60	766.1
January 2014	239,777	53.69	55.50	51.84	790.2
February 2014	202,788	57.32	59.95	53.50	876.1
March 2014	541,889	59.06	64.42	52.02	769.7
April 2014	142,453	56.38	60.00	52.36	868.1
May 2014	141,213	58.48	61.50	56.00	824.7
June 2014	166,132	53.63	56.05	52.80	773.8
July 2014	146,723	51.32	53.52	49.80	782.1
August 2014	80,510	52.25	54.18	49.62	761.7
September 2014	56,145	51.67	52.90	49.36	737.6
October 2014	195,797	45.84	50.72	40.04	701.5
November 2014	109,501	49.36	52.17	47.60	748.2
December 2014	96,320	49.23	52.00	47.90	700.0
January 2015	225,609	52.64	54.90	47.35	786.1
February 2015	94,523	55.58	57.03	53.50	825.7
March 2015	97,633	56.54	57.95	54.50	801.3
April 2015	113,537	56.06	57.25	54.14	822.0
May 2015	240,763	59.23	61.10	55.45	876.8

Source: Euronext.

6.6.3 SHAREHOLDER INFORMATION

Faiveley Transport is committed to regularly providing information about its activities, strategy and outlook to its individual and institutional shareholders and, more broadly, to the financial community.

During the 2014/2015 financial year, the management of Faiveley Transport met more than 200 international analysts and investors (from France, the UK, the US, Canada, Germany, etc.) during roadshows, meetings and telephone conferences.

CALENDAR OF FINANCIAL INFORMATION

1st quarter 2015/2016 financial information:	23 July 2015
Annual General Meeting:	18 September 2015
2015/2016 half-year results:	30 November 2015
3rd quarter 2015/2016 financial information:	28 January 2016
2015/2016 annual results:	26 May 2016

INVESTOR RELATIONS CONTACT

Domitille Vielle faiveley.finance@faiveleytransport.com

COMPANY SHARE REGISTRAR

The Company has delegated its share registrar service to Société Générale Securities Services: 32, rue du Champ-de-Tir – BP 81236 – 44312 Nantes Cedex.

DOCUMENTS AVAILABLE TO THE PUBLIC

All of the Group's publications (press releases, annual reports, annual and half-year presentations, etc.) as well as regulated information are available upon request or *via* the website http://www.faiveleytransport.com/finance/regulatory-information.

- The documents referred to in Article R. 225-83 of the Commercial Code, or copies of these documents, may be consulted at the Company's registered office: Immeuble Le Delage – Hall Parc – Bâtiment 6A, 3 rue du 19 March 1962, 92230 Gennevilliers, France.
- Documents published in BALO (mandatory bulletin of legal notices) may be consulted *via* the website: http://www.balo.journal-officiel.gouv.fr
- Information for shareholders is available upon request or from the Group's website http://www.faiveleytransport.com.

6.6.4 DIVIDENDS AND DISTRIBUTION POLICY

The Group has set itself the objective of an annual distribution policy of dividends of between 20% and 25% of the Group share of net profit. Under no circumstances does this objective constitute a commitment regarding distribution; future dividends will be dependent on changes to the Group's financial position and results.

The Group will propose a dividend of EUR 0.90 per share at the Annual General Meeting of 18 September 2015.

6

6.7 ARTICLES OF INCORPORATION AND BYLAWS

A summary of the main provisions of the Bylaws is included in this paragraph. A copy of the Bylaws can be obtained from the clerk of the Nanterre Trade and Company Register.

CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

The Company's purpose is, directly or indirectly, in France or internationally, to conduct any operations of any nature, economic or legal, financial, civil or commercial, that may relate, directly or indirectly, to this corporate purpose or to any similar, related or complementary purposes, and in particular:

- the Company's direct or indirect interest in any industrial, commercial or financial, or moveable or immoveable property activities or operations in France or internationally, in any form whatsoever, where such activities or operations may relate directly or indirectly to the corporate purpose or to any similar, related or complementary purposes;
- the management of these interests as well as the exercise of any related rights;
- the creation, acquisition, exploitation of moveable or immoveable property, of commercial or industrial funds;
- the performance and provision of services relating to market studies, management, administrative and financial advice, as well as any operations regarding management and administrative and financial support, training and public relations, and staff recruitment and training;
- the definition of policies required to be implemented by subsidiary or affiliated companies.

And generally any commercial, industrial, moveable and immoveable property or financial operations that are directly or indirectly related to the above-mentioned purpose or likely to ensure its application or development.

RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLES 11 AND 12 OF THE BYLAWS)

FORM AND REGISTRATION OF THE SHARES

Shares can be registered or bearer shares at the discretion of the shareholder. Each of the categories is subject to the legal provisions applicable to it.

TRANSFER OF SHARES

Shares may be freely transferred inter vivos or due to death. Shares in the Company are transferred for third parties and for the Company by an account-to-account transfer order.

Company shares that have not been paid up in full may not be transferred.

CHANGES IN CAPITAL AND RIGHTS ATTACHED TO THE SHARES (ARTICLES 7 AND 8 OF THE BYLAWS)

Any change in the capital or the rights conferred on the shares which make it up are subject to legal requirements, as the Bylaws do not stipulate any specific provisions.

ANNUAL GENERAL MEETINGS (SECTION V OF THE BYLAWS)

Collective decisions by the Company's shareholders are taken at General Meetings, which are either ordinary, extraordinary or special according to the nature of the decisions for which they have been called to take.

Special Meetings bring together the holders of a specific class of share to consider any revisions to the rights of shares of this class.

Regularly constituted and convened General Meetings represent and apply to all shareholders.

NOTICE OF MEETINGS

Shareholders' General Meetings are convened and deliberate under the conditions provided for by law.

General Meetings are held on the date and at the time and place indicated in the notice of the Meeting. They take place either at the registered office or in another location specified in the notice of the Meeting.

CONDITIONS FOR ADMISSION

All shareholders may take part in person, by proxy, or by post, in General Meetings of any kind.

Holders of registered shares are admitted upon providing proof of their identity.

The right for holders of bearer shares to take part in General Meetings is subject to the registration for accounting purposes of the securities in the name of the shareholder or the intermediary registered on their behalf at midnight on the third working day prior to the Meeting.

Shareholders who have not fully paid up their shares may not attend the Meeting.

ATTENDANCE LIST, GENERAL COMMITTEE OF THE MEETING AND MINUTES (ARTICLES 36, 37, 39 AND 40 OF THE BYLAWS)

For each Meeting, an attendance list is kept which contains the regulatory particulars required.

This attendance list, duly initialled by the shareholders present and the representatives, and to which the powers granted to each representative are annexed, and where applicable the postal voting forms, is certified true by the Meeting's general committee.

Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by a Board member duly authorised by the Board. In the absence of both, the Meeting elects its own Chairman.

Where the Meeting is convened by the Statutory Auditors, by a legal representative or by the liquidators, the Meeting is chaired by the person or persons responsible for convening it.

The two members of the Meeting with the highest number of votes and having accepted this position act as ballot officers for said Meeting.

The general committee of the Meeting appoints its secretary who does not need to be a shareholder. The general committee of the Meeting may attach to the attendance list the proxy or the postal voting form bearing the full name and home address of the shareholder voting *via* proxy or by post, the number of shares held (by them) and the number of voting rights conferred by these shares. In this case, the general committee of the Meeting indicates the number of voting authorities and postal voting forms appended to said list as well as the number of shares and voting rights corresponding to the proxies and to the forms. The authorisations and the postal voting forms shall be provided at the same time and under the same conditions as the attendance list.

The attendance list, duly initialled by the shareholders present and the representatives, is certified true by the general committee of the Meeting.

The proceedings of the Shareholders' Meetings are recorded in minutes prepared and signed by members of the general committee.

Copies or extracts of the minutes of Shareholders' Meetings are validly certified by the Chairman or Vice Chairman of the Supervisory Board or by a member of the Management Board. They can also be certified by the secretary of the Meeting.

ORDINARY GENERAL MEETINGS

Ordinary General Meetings make all decisions other than those reserved by law and these Bylaws for the Extraordinary General Meeting.

Ordinary General Meetings are held at least once a year within six months of the end of the financial year. However, this period may be extended at the request of the Management Board by order of the Chairman of the commercial court, ruling on this request.

It exercises the powers conferred upon it by law.

EXTRAORDINARY GENERAL MEETINGS

Extraordinary General Meetings of shareholders have sole authority to amend any and all provisions of the Bylaws. It may not however, increase the commitments of shareholders, subject to transactions resulting from a duly performed consolidation of shares.

Specifically, they may change the Company's nationality, provided that the host new country has concluded a special convention with France allowing such a change in nationality and the transfer of the registered office to its territory, whilst maintaining the Company's legal personality.

DOUBLE VOTING RIGHT

By statutory decision, the voting right attached to the capital or dividend shares is proportionate to the capital quota that they represent and each share gives the right to one vote.

A voting right double that which is conferred on other shares, in view of the portion of the share capital they represent, is attached to all fully paid up shares for which proof has been provided that they have been registered in the name of the same shareholder for a period of at least two years.

In the event of an increase in capital through the capitalisation of reserves, profits or issue premiums, the double voting right is conferred, on their issue, to registered shares allocated free of charge to a shareholder on the basis of shares already held which confer this right.

The double voting right provided for in the paragraphs above is reserved for shareholders of French nationality and for those from European Union member states.

Any share converted to a bearer share or whose ownership is transferred loses the double voting right. Nevertheless, the transfer following inheritance, a Division of marital property or an inter vivos gift for the benefit of the spouse or parent entitled to inherit, does not entail the loss of the acquired right and does not interrupt the time limits set out in Article L. 225-123 of the Commercial Code. The merger of the Company has no effect on the double voting right which may be exercised within the absorbing company, if provided for by said Company's bylaws.

SHAREHOLDERS' RIGHT TO INFORMATION (ARTICLE 42 OF THE BYLAWS)

The Management Board must send to or make available to shareholders the necessary documents to allow the latter to give their opinion in full knowledge of the facts and to make an informed judgment on the management and operation of the Company's business.

As of the disclosure provided for above, all shareholders may submit questions in writing which the Management Board will be required to answer during the Meeting.

An association fulfilling the conditions set in Article L. 225-120 of the Commercial Code, as well as one or more shareholders representing at least 5% of the share capital, either individually, or collectively under any form whatsoever, may submit written questions to the Management Board on one or more of the management operations of the Company, as well as, where applicable, of the companies it controls. In the latter case, the request must be assessed on the basis of the Group interest.

The response must be forwarded to the Statutory Auditors. Failure to reply within one month or failure to provide a satisfactory response means that these shareholders may institute summary proceedings requesting the appointment of one or more experts to present a report on one or more management operations.

The public prosecutor and the works council may also institute summary proceedings requesting the appointment of one or more experts to present a report on one or more management operations.

All shareholders are entitled at any time to receive documents that the Management Board is required, as the case may be, to hold at their disposal at the registered office, or to forward to them, in accordance with the legal and regulatory provisions in force.

IDENTIFICATION OF SHAREHOLDERS AND CROSSING OF THRESHOLDS (ARTICLE 11 OF THE BYLAWS)

IDENTIFICATION OF HOLDERS OF BEARER SHARES

Except in the cases provided for by law, fully paid up shares are either registered or bearer shares, at the discretion of the shareholder. They are registered in an account under the conditions and formalities provided for by law.

The Company is authorised to invoke at any time the legal provisions set out in relation to the identification of holders of securities conferring, with immediate or future effect, the right to vote in Shareholders' Meetings.

CROSSING OF STATUTORY THRESHOLDS

Aside from the legal obligation to notify the Company of the holding of certain fractions of the capital, there is no particular statutory obligation.

CONSULTATION OF LEGAL DOCUMENTS RELATING TO THE COMPANY

Legal documents relating to the Company that must be made available to shareholders, in accordance with the applicable regulations, may be consulted at the registered office, Immeuble Le Delage – Hall Parc – Bâtiment 6A, 3 rue du 19 March 1962, 92230 Gennevilliers.

6.8 PERSONS **RESPONSIBLE**

6.8.1 PERSONS RESPONSIBLE FOR THE FINANCIAL INFORMATION

Stéphane Rambaud-Measson
Chairman of the Management Board of Faiveley Transport
Chief Executive Officer of Faiveley Transport

Guillaume Bouhours
Member of the Management Board
Chief Financial Officer

6.8.2 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Stéphane Rambaud-Measson as Chairman of the Management Board and Chief Executive Officer of Faiveley Transport.

Guillaume Bouhours as Member of the Management Board and Chief Financial Officer of Faiveley Transport.

6.8.3 CERTIFICATION OF THE PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

We certify, after taking all reasonable measures for such purpose, that the information contained in the French language Registration Document is, to our knowledge, consistent with reality and does not include any omission which could change its scope.

We certify that, to the best of our knowledge, the financial statements are drawn up pursuant to the applicable accounting standards and give a fair view of the assets and liabilities, financial position and profits and losses of the Company and of the companies within its scope of consolidation, and that the information from the management report listed in Paragraph 6.10.2 of this Registration Document presents a fair overview of the business developments, profits and losses and financial position of the Company and the companies within its scope of consolidation, as well as a description of the main risks and uncertainties they face.

We have received from the Statutory Auditors a letter stating that their work has been completed, in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this Registration Document, and have read the entire document.

Consolidated financial statements for the financial year ended 31 March 2015, drawn up pursuant to the applicable IFRS standard as adopted by the European Union and included in this Registration Document on pages 44 to 102, have been subject to a report from the Statutory Auditors on page 103, which contains observations.

The parent company financial statements for the financial year ended 31 March 2015, have been subject to a report from the Statutory Auditors on page 125 of this Registration Document.

Gennevilliers, 30 June 2015

Stéphane RAMBAUD-MEASSON

Chairman of the Management Board
Chief Executive Officer

Guillaume BOUHOURS

Member of the Management Board
Chief Financial Officer

6.9 STATUTORY **AUDITORS**

6.9.1 PRINCIPAL STATUTORY AUDITORS

Expertise Comptable et Audit
Represented by: Jérôme Burrier
37 rue Elsa Triolet - Parc Valmy 21000 Dijon

Date of first appointment:	23/09/1999 at the Shareholders' General Meeting held on the same date
Duration of current term of office:	Six years (beginning 14 September 2011)
Current term of office ends:	At the close of the Shareholders' General Meeting called to approve the financial statements for the financial year ending 31 March 2017
Group membership:	Expertise Comptable et Audit

PricewaterhouseCoopers Audit
Represented by: Philippe Vincent
63 rue de Villiers 92 208 Neuilly-sur-Seine Cedex

Date of first appointment:	14/09/2011 at the Shareholders' General Meeting held on the same date
Duration of current term of office:	Six years (beginning 14 September 2011)
Current term of office ends:	At the close of the Shareholders' General Meeting called to approve the financial statements for the financial year ending 31 March 2017
Group membership:	PricewaterhouseCoopers Audit, a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles

6.9.2 ALTERNATE STATUTORY AUDITORS

Substitute for Expertise Comptable et Audit
Éric Gaboriaud
37 rue Elsa Triolet - Parc Valmy - 21000 Dijon

Date of first appointment:	19/09/2007 at the Shareholders' Combined General Meeting held on the same date Duration of current term of office: Six years (beginning 14 September 2011)
Duration of current term of office:	Six years (beginning 14 September 2011)
Current term of office ends:	At the close of the Shareholders' General Meeting called to approve the financial statements for the financial year ending 31 March 2017
Group membership:	Expertise Comptable et Audit

Substitute for PricewaterhouseCoopers Audit
Yves Nicolas
185, avenue Charles de Gaulle 92524 Neuilly sur seine Cedex

Date of first appointment:	14/09/2011 at the Shareholders' General Meeting held on the same date
Duration of current term of office:	Six years (beginning 14 September 2011)
Current term of office ends:	At the close of the Shareholders' General Meeting called to approve the financial statements for the financial year ending 31 March 2017
Group membership:	PricewaterhouseCoopers Audit, a member of the Compagnie Régionale des CAC de Versailles

6.10 CROSS-REFERENCE **TABLES**

6.10.1 "PROSPECTUS" 2003/71/CE CROSS-REFERENCE TABLE

Items of Appendix 1 of European Regulation n° 809/2004		Page number of the Registration Document
10.	**Cash Flows and sources of financing**	
10.1.	Issuer's capital	39-42
10.2.	Cash flow statement	39-40
10.3.	Information on borrowing terms and conditions and financing structure	41-42
10.4.	Restrictions on the use of capital resources	42
10.5.	Expected sources of financing	42
11.	**R & D, patents and licences**	**18-19**
12.	**Information on market trends**	**43**
13.	**Profit forecasts and estimates**	**NA**
14.	**Operation of administrative and management bodies**	
14.1.	Information on administrative and management bodies	130-137
14.2.	Conflicts of interest involving members of the administrative and management bodies	138
15.	**Senior executives' remuneration and benefits**	
15.1.	Remuneration paid and benefits in kind granted	152-159
15.2.	Provisions or amounts recognised for pensions, retirement or similar benefits	76-79, 175
16.	**Operation of administrative and management bodies**	
16.1.	Current terms of office of members of the administrative and management bodies	131-137
16.2.	Information on service agreements with members of the administrative and management bodies	138
16.3.	Information on the Audit Committee and the Remuneration Committee	142-143
16.4.	Statement of compliance with the Corporate Governance Code	139
17.	**Employees**	
17.1.	Workforce at the end of the period	97, 118, 170
17.2.	Shareholding and stock options	74-76, 112-113, 156-158, 175
17.3.	Employee shareholding	175, 190
18.	**Major shareholders**	
18.1.	Names of principal shareholders and percentage of share capital held	190
18.2.	Different voting rights	191
18.3.	Control of the issuer	191
18.4.	Arrangements which may result in a change of control of the Company at a later stage	191
19.	**Transactions with related parties**	**150-151**
20.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
20.1.	Background financial information	Financial Information included by reference
20.2.	Pro *forma financial information*	51-56
20.3.	Financial statements	44-102, 104-124
20.4.	Audit of the annual financial statements	103, 125
20.5.	Date of latest audited financial information	31/03/2015
20.6.	Interim and other financial information	NA
20.7.	Dividend policy	193
20.8.	Legal and arbitration proceedings	26-28
20.9.	Significant change in the Company's financial or trading position	NA

	Items of Appendix 1 of European Regulation n° 809/2004	Page number of the Registration Document
21.	**Additional information**	
21.1.	Share capital	187
21.1.1.	*Amount of capital and number of shares*	*187, 189*
21.1.2.	*Non-equity shares*	*187*
21.1.3.	*Treasury shares*	*187-188*
21.1.4.	*Convertible securities, that may be exchanged or bear subscription warrants*	*188*
21.1.5.	*Information on the conditions governing any purchase rights and/or any obligation attached to subscribed capital, but not paid up, or on any effort with a purpose to increase the capital*	*188*
21.1.6.	*Information on the capital of any member of the Group subject to an option or a conditional or unconditional agreement to be put under option*	*189*
21.1.7.	*History of the share capital*	*187-189*
21.2.	Articles of incorporation and Bylaws	
21.2.1.	*Corporate purpose of the issuer*	*194*
21.2.2.	*Management, administrative, supervisory and general management bodies*	*194*
21.2.3.	*Rights and obligations attached to the shares*	*194*
21.2.4.	*Actions changing shareholders' rights*	*194*
21.2.5.	*Notice of and conditions for admission to Annual General Meetings*	*195*
21.2.6.	*Provisions that could delay, defer or prevent a change in its control*	*191*
21.2.7.	*Crossing of thresholds*	*191*
21.2.8.	*Conditions governing modifications in capital*	*194*
22.	**Significant contracts**	**19**
23.	**Third party information and statements by experts and declarations of interest**	**NA**
24.	**Documents available to the public**	**193**
25.	**Information on equity holdings**	**101-102, 124, 185-186**

6

6.10.2 CROSS-REFERENCE TABLE OF THE MANAGEMENT REPORT IN ACCORDANCE WITH ARTICLES L. 225-100 AND SUBSEQUENT OF THE COMMERCIAL CODE

Management report	Page number of the Registration Document
Company and Group activities	
Company's position and operations over the last financial year	36-38
Activities and results of the Company, its subsidiaries and of the companies it controls	36-38, 101-102, 124
Analysis of the business, sales and financial position of the Group	36-43
Financial key performance indicators	5-6, 36-38
Foreseeable developments on the Company's position and future prospects	43
Significant events occurring between the year end and the date of preparation of this report	43, 97, 118
Description of main risks and uncertainties	22-33
Research and development activities	18-19
Indications on the use of financial instruments (management of financial risks)	24-25, 82-91
Share price	192
Other accounting and/or fiscal information	
Expenditure on luxuries	127
Level of dividends and other distributed revenue paid out during the previous three financial years	126
Term of payment for trade payables	127
Corporate officers	
List of terms of office or positions held in any company by each Board member during the financial year	131-137
Information on the conditions for the exercise of stock-options allocated to executives and holding of shares	74-75, 157
Information on the conditions for the holding of shares allocated free of charge to executives	75-76, 156-158
Remuneration and benefits of all kinds paid to each corporate officer during the financial year just ended	153-154
Agreements between a corporate officer and a Group subsidiary	150-151
Shareholding structure of the Company	
Status of employee shareholding	190
Composition of the shareholding and changes made thereto during the financial year	190-191
Names of controlled companies and shareholding in said companies	101-102, 124
Significant acquisitions or takeovers which occurred during the financial year in companies headquartered in France	NA
Transactions carried out by executives, their relatives and similar persons, on the Company's securities	159
Buyback and resale of shares by the Company	188
Corporate and environmental information	
Information regarding the manner in which the Company monitors the social and environmental consequences of its activity and its commitments regarding sustainable development, combatting discrimination and promoting diversity	162-180
Other information	
Information liable to have an impact in the event of a public offering	147
Five-year financial performance	128
Summary table of current delegations of authority regarding capital increase and the use made of these delegations during the financial year	187
Chairman's report on the work of the Board of Directors, internal control procedures and risk management implemented by the Company	139-148

6.10.3 ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

Information required in the annual financial report	Page number of the Registration Document
Certification of the person responsible for the document	197
Management report	
Analysis of results, financial position and risks of the parent company and the consolidated group (Art. L. 225-100 and L. 225-100-2 of the Commercial Code)	36-43
Chairman's report on the work of the Board of Directors, and the internal control and risk management procedures implemented by the Company	139-147
Information required by Article 225-100-3 of the Commercial Code relating to items liable to have an impact in the event of a public offering	147, 187, 190
Information related to share buybacks (Art. L. 225-211-2 of the Commercial Code)	188
Financial statements and reports	
Parent company financial statements	104-124
Statutory Auditors' report on the parent company financial statements	125
Consolidated financial statements	44-102
Statutory Auditors' report on the consolidated financial statement	103

The cross-reference table in accordance with Articles L. 225-102-1 and R. 225-14 and subsequent of the Commercial Code are included in Chapter 5 - Corporate and Environmental Responsibility of this Reference Document.

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