HALF-YEAR FINANCIAL REPORT
(Half-year ended 30 September 2008)

ALSTOM

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ALSTOM

Management report on interim consolidated financial statements, Half-year ended 30 September 2008

MANAGEMENT REPORT

ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS
HALF-YEAR ENDED 30 SEPTEMBER 2008

1. Main events of half year ended 30 September 2008

1.1. Very strong commercial and operational performance

ALSTOM reported another semester of very solid performance during the first half of 2008/09. Benefiting from active Power and Transport markets, ALSTOM set a new record with €15.4 billion of new orders during the first half of 2008/09. This represents a 20% increase vs. last year (22% on an organic basis). Major commercial successes achieved by the Group during the semester include:

- in Power, contracts for the turbine islands of a coal-fired power plant in South Africa, a turnkey oil-fired power plant in Saudi Arabia, a total of 9 gas turbines sold in 6 countries, as well as 2 large long-term operation and maintenance contracts in the United Arab Emirates and in Tunisia;
- in Transport, contracts for the first new-generation AGV™ trains to an Italian private operator, PENDOLINO™ high-speed trains in the UK along with a 10-year maintenance contract, regional trains in Germany, tramways in the United Arab Emirates and metros in Mexico and Brazil.

At 30 September 2008, the backlog reached a record €47 billion (up 26% compared to 30 September 2007) or 31 months of sales.

ALSTOM continued to ramp up its sales which amounted to €9 billion, up 12% compared to last year on both an actual and organic basis. Income from operations was €697 million at 7.8% of sales, showing a 22% increase compared to the first half of 2007/08. This increase is the combined result of the improvement in the quality of the backlog and a higher level of activity, while non-production overheads have been kept under control.

Net profit – Group share – reached €527 million during the first half of 2008/09, a 36% increase compared to last year; the financial income / expense turned positive as a result of the Group's enhanced net cash position. ALSTOM generated a €1.2 billion free cash flow by leveraging its good operational performance and benefiting from a favourable working capital evolution driven by the high level of commercial activity.

1.2. Human resources and corporate responsibility

Human resources management

During the first half of 2008/09, 6,000 new employees joined ALSTOM. 53% were recruited in Europe, 27% in Asia/Pacific, 18% in the Americas and 2% in Middle East/Africa. At 30 September 2008, the Group employed around 79,000 people. These recruitments were combined with a very active training policy.

Launch of the innovation programme

ALSTOM recognizes the importance of innovation, a key factor to meet customer needs, to differentiate from the competition and to optimise its processes. ALSTOM therefore decided to launch a Group-wide innovation programme aimed at increasing the visibility of innovation within the organization, enhancing cross-fertilization and supporting ongoing efforts to leverage innovations within the Group.

ALSTOM Foundation for the Environment

The ALSTOM Corporate Foundation, created in November 2007, rewarded eleven projects in the field of environmental protection. One of the most remarkable initiatives rewarded will permit the implementation of alternative electricity systems in order to preserve biodiversity in a national park of China's Yunnan region. Other selected projects were from Argentina, North Korea, India, Switzerland, USA, Indonesia, Malaysia, Philippines, France and South Africa. These projects, presented and supported by Group employees, are the first to be financed by the Foundation, which will devote €1 million per year to this purpose.

Employee sharing and long-term incentive programmes

On 23 September 2008, the Board of Directors decided on the principle to launch a new employee stock purchase scheme (subject to market conditions), following the success of this initiative in 2007. The maximum number of shares which could be issued under this scheme represents around 0.5 % of the share capital. Its objectives are to align employees' interests with shareholders' ones and pursue the development of a stable employee shareholding base. The Board also decided a new Long Term Incentive Plan comprised of a grant of conditional stock options and of performance shares, depending on the Group's performance in 2010/11. This Plan represents approximately 0.4% of the share capital.

1.3. Delivering ALSTOM's strategy

During the first semester of 2008/09, ALSTOM put a high priority on the execution of its strategy, coupling long-term growth and performance improvement.

In this context, during the first semester 2008/09, ALSTOM dedicated:

- €195 million[1] to capital expenditure, a very substantial increase compared to the €116 million spent last year;
- €274 million to R&D expenses vs. €252 million last year.

In addition, ALSTOM is engaged into strategic partnerships which should provide the Group with access to high-potential markets.

[1] Excluding capitalised development expenses.

Capital expenditure to optimize operations and capture growing markets

ALSTOM has pursued its capital expenditure programme aimed at reinforcing its production capacity in order to deliver its large backlog, while optimizing its cost base. In this context, significant progress has been made on the following projects:

- construction of a new facility in Chattanooga, Tennessee, USA, which will be dedicated to manufacturing rotating equipment and notably steam turbines for nuclear conventional islands. This project will also provide the Group with a large manufacturing platform in this zone, aligned with one of its key markets;
- set-up of a new factory in Wuhan, China, in order to relocate and modernize the old facilities of the recently acquired Wuhan Boilers Company (WBC). This programme will optimize WBC's production while allowing ALSTOM to grow its capacity on a low-cost basis. The new factory also provides ALSTOM with direct access to the large Chinese market for coal-fired equipments;
- construction of a new iron foundry in Elblag, Poland, dedicated to manufacturing key components of turbines, which will allow ALSTOM to significantly increase its capacity.

In addition, ALSTOM announced the creation of a 50/50 joint venture with Brazilian company Bardella to build a new plant in Brazil dedicated to the manufacturing of hydro-mechanical equipment for the Group's hydroelectric projects in the Amazon region.

Cutting-edge research and development

In the Power Sectors, ALSTOM has reached major milestones on its carbon capture and storage technology roadmap. In September 2008, the Group inaugurated the world's first pilot plant based on the oxy-combustion technology. The 30 MW coal-fired pilot plant located at Vattenfall's *Schwarze Pumpe* facility (Germany) is one among several CO2 projects currently developed by ALSTOM. These projects address all possible CO2 technologies: oxy-combustion with two pilot plants in Europe, post-combustion with five pilot plants based on chilled ammonia in the USA and Europe as well as a research programme to develop advanced amines in the USA. During the semester, ALSTOM also focused its research and development on optimizing the efficiency of its turbines. In the wind business, ALSTOM installed the first units of its new Ecotècnia-100 3 MW wind turbine.

In the Transport Sector, the AGV™ has started its first dynamic tests in the Czech Republic. The test runs will finalize the development phase and validate this new very high-speed platform. In tramways, the prototype for a new platform aimed at broadening the CITADIS™ range is being tested in Germany. In regional trains, the first CORADIA™ LIREX will be delivered to their customers in December 2008. In signalling, the Group successfully delivered its state-of-the-art URBALIS™ Evolution system on the Beijing Line 2 and the Beijing Airport Link, right on time for the Olympic games. Finally, ALSTOM dedicated significant part of its research and development efforts to promote sustainable rail transport by developing trains featuring low energy consumption, reduced weight, hybrid or bi-modes traction, and low noise pollution.

Promising partnerships on key markets

ALSTOM and Russian Transmashholding (TMH) decided to enter into a strategic partnership relating to the Russian rolling stock market. This agreement provides for technical cooperation between the two companies and gives ALSTOM the possibility to buy a 25% equity share in TMH (subject to due diligence and a final agreement between the parties). In addition, ALSTOM and TMH intend to create a joint venture to respond in October 2008 to a call for tender launched by Russian Railways to manufacture a large number of double-deck passenger cars.

During the first semester of 2008/09, ALSTOM also finalized the creation of its joint venture with Russian company Atomenergomash, which was established in order to provide the turbine islands for Russian nuclear power plants, based on ALSTOM's half-speed technology ARABELLE™. In this context, Alstom Atomenergomash LLC signed an agreement with Atomenergoproekt for the engineering of the turbine generator package and turbine hall equipment for the Seversk nuclear power plant in Siberia, a two-unit power plant with a total capacity of 2,400 MW to be built as of 2010.

1.4. ALSTOM's strengths to face the financial crisis

The world has faced a very deep financial crisis, which had a strong impact on the ability for the banks to refinance themselves and which will negatively impact the world economic growth.

ALSTOM believes it has in hand several assets to face this new situation:

Long-term market drivers remain solid

Long-term drivers remain well oriented both in Power and Transport markets. Growth in emerging markets will support the need for new capacity in power generation and increased transportation systems. Environmental constraints as well as high fuel prices should push for higher technological content in Power and favour rail transportation over other means. Aging of the installed power generation capacity in developed countries should accelerate the replacement cycle and increase the need for services and retrofitting. Finally urbanisation, particularly in emerging countries, increases the need for mass transit and intercity transportation.

ALSTOM's customer base is strong

80% of ALSTOM's Power customers are state-owned or large private utilities. These large groups should be in a better position to attract the required funding to materialize their investment plan. As for Transport, an even higher percentage of customers are state-owned or public operators who are financially strong, even if relying on budgetary spending for new infrastructure.

A record high level of backlog

As at 30 September 2008, ALSTOM's backlog amounted to €47 billion representing more than two and a half years of sales, a record high level. This backlog also gives ALSTOM the necessary visibility to adapt itself, if necessary, such as in case of an extended slowdown in demand.

Strong liquidity position

At 30 September 2008, ALSTOM had a very good liquidity position with a net cash position of € 1.9 billion, a gross cash amounting to €2.7 billion, as well as an undrawn credit line of €1 billion maturing in 2012. During the first half of 2008/09, ALSTOM reimbursed, either at maturity or by anticipation, a total of €387 million of bonds redeemable on 28 July 2008, 13 March 2009 and 3 March 2010. The two remaining bond lines amount to €150 million (maturing on 13 March 2009) and €297 million (maturing on 3 March 2010). In terms of bonds and guarantees, ALSTOM also benefits from an €8 billion committed line and €12 billion bilateral lines (€2 billion and €4 billion being undrawn respectively).

ALSTOM will continue its strategy combining growth and performance improvement, notably by pursuing strategic investments and selective acquisitions to boost its growth. At the same time, ALSTOM has developed the adequate actions to face any change in environment by:

- closely monitoring the evolution of its markets;
- setting up a specific monitoring of suppliers and consortium partners to assess their financial strength;
- strictly controlling its spending : selectivity will apply in all spending including capital expenditure.

2. General comments on activity and results

2.1. Consolidated key financial figures

2.1.1. General comments on the Group's activity

The following table sets out the Group's key performance indicators for the first half of 2008/09.

Total Group			% Variation	
Actual figures	**1st Half**	**1st Half**	Sept 08 / Sept 07	
(in € million)	**30 Sept. 08**	**30 Sept. 07**	Actual	Organic
Order backlog	46,879	37,226	26%	25%
Orders received	15,401	12,847	20%	22%
Sales	8,956	8,004	12%	12%
Income from operations	697	573	22%	24%
Operating margin	7.8%	7.2%		
Net profit - Group share	527	388	36%	
Free cash flow	1,201	1,248	(4%)	

During the first semester of 2008/09, ALSTOM benefited from active Power and Transport markets:

- the high Power market that prevailed last year proved to continue during the first half of 2008/09, with a balanced demand for all technologies. The market for new equipment has been sustained especially in Europe and in Middle East/Africa, in particular for steam projects. The demand for new coal and hydro plants remained at a high level both in China and India. Finally, the after market on the installed base has brought further retrofit opportunities;

- Transport benefited from a dynamic demand driven mainly by urban congestion, mobility needs and environmental concerns. All rail transport activities experienced growth, with a sustained market for very high speed and mass transit, as well as increased needs for service and signalling.

2.1.2. Orders received

ALSTOM recorded €15.4 billion new orders during the first half of 2008/09, a 20% increase compared to last year (22% on an organic basis). All Sectors achieved major commercial successes:

- Power Systems booked €7.8 billion new orders during the semester compared to €5.5 billion last year (+41%). In steam, major projects were recorded: 6 turbine islands for a coal-fired power plant in South Africa, one turnkey oil-fired power plant in Saudi Arabia, and conventional islands for two nuclear plants in China. In addition, 9 gas turbines were sold (4 GT26 and 5 GT13) in 6 countries. Hydro projects were booked in China, India, Portugal and Panama. Finally, the Group stepped up its commercial presence in Wind, signing a frame agreement with a large customer to supply up to 300 MW of wind turbines;

- Power Service order intake was €2.4 billion in the first half 2008/09, stable at a high level on an organic basis. It includes a high number of small and medium sized contracts and two significant operation and maintenance contracts in the United Arab Emirates and in Tunisia;

- Orders received by Transport amounted to €5.2 billion, growing by 8% on an actual basis and +11% on an organic basis as compared to the first half of 2007/08, even if last year's order intake included an exceptionally large order for very high speed trains in France (€2.2 billion). The Sector booked its first order for its new generation of very high-speed train – the AGV™ – to be supplied to a private Italian operator. Other orders received include the supply and maintenance of high-speed PENDOLINO™ trains in the United Kingdom, as well as various successes in regional trains (Germany), metros (Mexico, Brazil) and tramways (United Arab Emirates, Morocco).

2.1.3. Sales

During the first semester of 2008/09, ALSTOM succeeded in ensuring an efficient delivery of its backlog. Sales reached €8,956 million, up 12% compared to the first half of 2007/08:

- Power Systems' sales were €4,330 million, up 22% vs. last year (17% on an organic basis). Main contracts traded during the semester include major steam and gas projects that were booked in the previous periods in UK, Poland, Bulgaria, and the United Arab Emirates;

- Power Service's sales were €1,954 million, up 11% on an actual basis and 18% on an organic basis, with good performance all across the product range;

- Transport's sales were €2,672 million vs. €2,686 million last year; this represents a 2% increase on an organic basis. Main contracts traded during the semester included metros in the USA and TGV[2] in France.

[2] TGV is a trademark of SNCF

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2.1.4. Income from operations

Income from operations reached €697 million or 7.8% of sales, compared to €573 million or 7.2% last year:

- Power Systems' income from operations rose to €254 million (+60% vs. last year). The operating margin improved to 5.9% vs. 4.5% last year;
- Power Service posted an income from operations of €327 million (+14% vs. last year). The operating margin went up from 16.3% to 16.7%;
- Transport's income from operations was €176 million (-5% vs. last year), with the operating margin decreasing from 6.9% to 6.6%. This slight reduction stems from stable volume as ramp-ups of some contracts are expected for the end of the fiscal year, coupled with spendings on new platforms.

This significant improvement in the income from operations is the consequence of the Group's higher level of activity combined with its ability to efficiently deliver its higher-quality backlog and to control its costs.

2.1.5. Net profit – Group share

ALSTOM's net profit – Group share – amounted to €527 million, a 36% increase vs. last year. The Group benefited from its higher operational performance, lower non-operating expenses and improved financial income, while the tax rate remained around 25%.

2.1.6. Free cash flow

Building on its high net income and its continuing good commercial performance, which supports the further improvement of its working capital, ALSTOM generated a €1,201 million free cash flow, approximately the same record level that was reached last year.

2.1.7. Net cash

Taking into account a €1,201 million free cash flow and a €228 million dividend payment (excluding minority interests), net cash increased from €904 million at 31 March 2008 to €1,864 million at 30 September 2008.

2.2. Key geographical figures for the first half of 2008/09

2.2.1. Geographical analysis of orders by destination

Total Group **Actual figures, in € million**	**1st Half 30 Sept. 08**	% of contrib	**1st Half 30 Sept. 07**	% of contrib	*% Var. Sept 08/07*
Europe	6,906	45%	6,976	54%	*(1%)*
North America	1,187	8%	2,012	16%	*(41%)*
South and Central America	605	4%	554	4%	*9%*
Asia/Pacific	1,647	10%	1,808	14%	*(9%)*
Middle East/Africa	5,056	33%	1,497	12%	*238%*
Orders received by destination	**15,401**	**100%**	**12,847**	**100%**	***20%***

Europe accounted for 45% of the total order intake at €6,906 million, reaching approximately the level of last year, which was particularly high due to the booking of major orders in very high speed trains in France and for turnkey gas plants in the UK and Ireland. Orders received in Europe during the semester include, on the Transport side, the supply of new-generation AGV™ trains to an Italian private operator, the supply and maintenance of PENDOLINO™ trains in the UK, and, on the Power side, supercritical boilers and a turnkey power block for coal-fired power plants in Germany.

Orders received in North America were €1,187 million (8% of total order intake), a 41% decrease compared to last year, as the first semester of 2007/08 included a large order for metros in the USA. Among others, Transport booked a contract to supply electromechanical equipment for the Line 12 of Mexico City metro system.

Orders in South and Central America increased by 9% at €605 million (4% of total order intake), including turbines-generators and other mechanical equipment for 3 hydropower plants in Panama as well as an automated system for lines 1, 2 and 3 of the Sao Paulo metro.

Orders in Asia/Pacific decreased by 9% at €1,647 million (or 10% of total orders). They include orders for the turbine islands of two nuclear power plants in China.

Finally, large orders were registered during the semester in Middle East/Africa: steam power plant projects in South Africa (coal-fired) and in Saudi Arabia (oil-fired), turnkey power plants based on a total of 4 GT26 gas turbines in Algeria and Tunisia, as well as operation and maintenance contracts in the United Arab Emirates and in Tunisia. As a consequence orders received in this region more than tripled compared to the first half of 2007/08, at €5,056 million i.e. one third of the total order intake.

2.2.2. Geographical analysis of sales by destination

Total Group					
Actual figures, in € million	**1st Half 30 Sept. 08**	% of contrib	**1st Half 30 Sept. 07**	% of contrib	*% Var. Sept 08/07*
Europe	4,845	54%	3,886	49%	*25%*
North America	1,334	15%	1,479	18%	*(10%)*
South and Central America	545	6%	352	4%	*55%*
Asia/Pacific	1,259	14%	1,563	20%	*(19%)*
Middle East/Africa	973	11%	724	9%	*34%*
Sales by destination	**8,956**	**100%**	**8,004**	**100%**	***12%***

Sales in Europe increased by 25% at €4,845 million, representing 54% of total sales. Significant turnkey power plants (gas and steam) booked in the past periods in the UK, Poland, and Bulgaria were traded during the semester. In Transport, contracts for high speed PENDOLINO™ trains in Italy, maintenance in the UK and regional trains in France and Germany were traded.

Sales in North America decreased by 10% at €1,334 million (15% of total sales). Main contracts traded include high-efficiency coal-fired power plant in the USA and metros for the New York City network.

Sales in South and Central America reached €545 million (6% of total sales), up 55% vs. last year, driven by the trading of a gas power plant and hydro projects in Brazil.

In Asia/Pacific, sales were €1,259 million, a 19% decrease compared to the first half of 2007/08. ALSTOM generated sales from gas turbines in Australia and India, boilers in China, a hydro project in India, as well as the supply of metros in Singapore and electrical multiple units in China.

Sales in Middle East/Africa increased by 34% at €973 million, mainly as contracts for gas power plants started being traded in Algeria, Morocco and the United Arab Emirates.

2.2.3. Geographical analysis of sales by origin

Total Group **Actual figures, in € million**	**1st Half 30 Sept. 08**	% of contrib	**1st Half 30 Sept. 07**	% of contrib	*% Var. Sept 08/07*
Europe	6,435	72%	5,427	68%	*19%*
North America	1,318	15%	1,448	18%	*(9%)*
South and Central America	311	3%	240	3%	*30%*
Asia/Pacific	762	9%	753	9%	*1%*
Middle East/Africa	130	1%	136	2%	*(4%)*
Sales by origin	**8,956**	**100%**	**8,004**	**100%**	***12%***

Sales from Europe increased by 19% at €6,435 million, representing 72% of total sales, mainly due to Power Systems' growing sales on plant projects.

Sales from North America were €1,318 million (15% of total sales), down 9% from last year, due to lower sales on environmental control systems in the USA, partly offset by higher sales generated on a metro project for New York City.

Sales from South and Central America were up 30% at €311 million (3% of total sales), mainly due to the increased trading of hydro projects in Brazil.

Sales from Asia/Pacific were €762 million (9% of total sales), approximately at the same level as last year. Increased sales from hydro projects in China and India were offset by lower sales from Power Service and Transport in the region.

Sales from Middle East/Africa were €130 million (1% of total sales). Higher sales driven by the execution of plant projects in Algeria and South Africa were partly offset by lower Power Service sales from Saudi Arabia and the United Arab Emirates.

3. Outlook

During the first half of 2008/09, ALSTOM posted a very solid performance. The Group succeeded in achieving key commercial successes across all Sectors in active Power and Transport markets, ramping-up the execution of its backlog and continuing to improve its operational performance.

Despite the currently more difficult economic environment, ALSTOM believes that the long-term drivers of its markets as well as its customer base remain strong. In this context, and given its record high level of backlog, ALSTOM confirms its objectives for 2009/10: its operating margin should reach around 9%, split between 10% and 11% for the combined Power Sectors and between 7% and 8% for the Transport Sector.

The foregoing are "forward-looking statements" and as a result they are subject to uncertainties. The success of the Group's strategy and action plan, its sales, operating margin and financial position could differ materially from the goals and targets expressed above if any of the risks described in the Risk section of the Annual Report for fiscal year 2007/08, or other unknown risks, materialise.

4. Sector analysis

4.1. Power Sectors

The following tables present key performance indicators for Power Systems, Power Service and the combined Power Sectors.

Power			% Variation	
Actual figures	**1st Half**	**1st Half**	Sept 08 / Sept 07	
(in € million)	**30 Sept. 08**	**30 Sept. 07**	Actual	Organic
Order backlog	26,738	19,999	34%	30%
Orders received	10,203	8,025	27%	28%
Sales	6,284	5,294	19%	17%
Income from operations	581	445	31%	33%
Operating margin	9.2%	8.4%		
EBIT	570	452	26%	
Capital employed	921	742	24%	

Power Systems			% Variation	
Actual figures	**1st Half**	**1st Half**	Sept 08 / Sept 07	
(in € million)	**30 Sept. 08**	**30 Sept. 07**	Actual	Organic
Order backlog	20,191	14,117	43%	39%
Orders received	7,767	5,513	41%	40%
Sales	4,330	3,538	22%	17%
Income from operations	254	159	60%	62%
Operating margin	5.9%	4.5%		
EBIT	244	162	51%	
Capital employed	(1,387)	(1,345)	3%	

Power Service Actual figures (in € million)	1st Half 30 Sept. 08	1st Half 30 Sept. 07	% Variation Sept 08 / Sept 07 Actual	 Organic
Order backlog	6,547	5,882	11%	10%
Orders received	2,436	2,512	(3%)	1%
Sales	1,954	1,756	11%	18%
Income from operations	327	286	14%	17%
Operating margin	16.7%	16.3%		
EBIT	326	290	12%	
Capital employed	2,308	2,087	11%	

4.1.1. Orders received

4.1.1.1. Power Systems

The high market conditions that prevailed in 2007/08 continued during the first half of 2008/09, with a balanced demand for all technologies. The market for new equipment was sustained especially in Europe and in Middle East/Africa, in particular for steam projects. The demand for new coal and hydro plants remains at a very high level both in China and India. The installed base market continues to bring a number of retrofit opportunities.

Orders received by Power Systems during the first half of 2008/09 were €7,767 million, 41% higher than the same semester last year.

Commercial performance in Middle East/Africa was strong with €3,980 million orders booked, more than half of the total order intake and close to four times the level reached last year in this region. In South Africa where demand for electricity is increasingly strong, ALSTOM booked a major order for 6x790 MW turbine islands of a coal-fired plant, the second of a kind after the contract for 6x780 MW turbine islands, which was booked in 2007/08. In Saudi Arabia, ALSTOM was awarded a new phase of the Shoaiba plant (3x400 MW, oil-fired) after having supplied its first 11x400 MW units. ALSTOM also received its first order for a boiler retrofit in Saudi Arabia. Finally, 2 turnkey plants based on a total of 4 GT26 gas turbines were sold in Algeria and Tunisia.

In Europe, ALSTOM was successful in coal, with the booking of a turnkey power block along with boiler islands for power plants in Germany. Demand for de-pollution equipments and retrofit of existing plants remained high all across Europe, so as to improve the efficiency of power installations and comply with environmental regulations. The gas market remained active and ALSTOM booked a contract in France involving 2 GT13 gas turbines. Power Systems was also active in renewables, with contracts awarded for a biomass co-firing system allowing emission reductions in the UK and for a 2x120 MW hydro power plant in Portugal. The Sector also received its first major orders for its new 3 MW wind turbine. Europe accounted for 27% of the total order intake at €2,071 million.

In North America, Power Systems was awarded several contracts in relation with its coal-fired installed base. Orders received in North America were €358 million (5% of the total), a 59% decrease compared to last year (which included orders for a nuclear retrofit in Mexico and a hydro plant in Canada).

In the South and Central American region, orders received were €223 million (3% of the total), down 35% compared to last year (which included a significant order for a hydro project in Brazil).

In China, orders were booked for large hydro power plants as well as for two nuclear projects (one EPR and one CPR1000), illustrating the technological competitiveness of ALSTOM conventional islands. In the rest of the Asia / Pacific region, orders received pertained to all types of fuels: boilers and hydro in India, 2 GT13 gas turbines in Australia and Indonesia, as well as de-pollution equipment for an industrial plant in India. In this region, Power Systems booked orders amounting to €1,135 million (15% of the total) up 9% vs. the first semester last year.

4.1.1.2. Power Service

Power Service's order intake during the first half of 2008/09 was €2,436 million, 3% lower than the same semester of last year on an actual basis and +1% on an organic basis. Main orders received include two operation and maintenance contracts, as well as a number of inspections and parts supply. Europe accounted for 33% of the total order intake, Middle East/Africa 29%, North America 19%, Asia/Pacific 17%, and South & Central America 2%.

In Europe, environmental regulations and high fuel costs support a high demand for both efficiency-enhancing equipments and emissions control solutions. During the semester, Power Service recorded €795 million new orders including long-term service agreements and spares supplies in the UK and in France. This however represents a 20% decrease compared to the high level reached last year when a number of long-term operation and maintenance contracts were booked.

In North America, orders received were €469 million, a 10% decrease compared to last year which is mainly due to the evolution of the EUR/USD rate. Orders received in South & Central America were €50 million.

The Asia/Pacific region is showing a fast capacity build-up as well as a growing environmental concern, both driving service opportunities. Increased customer interest for asset management services as a result of market liberalization is also noticeable. Power Service's competitiveness in these fields led to successes during the first half of 2008/09, especially in Korea, Japan and Australia. In Asia/Pacific, Power Service booked orders amounting to €427 million, down 17% vs. the first semester of last year, which was at a particularly high level, including an operation and maintenance contract in India.

The Middle East/African region showed strong growth during the first half of 2008/09. Active demand for gas in the Middle East will translate into service opportunities in the mid-term. Power Service booked €695 million new orders, +58% vs. last year. Main orders received in this region comprise two operation and maintenance contracts in the United Arab Emirates and in Tunisia, as well as parts supply and security systems in Algeria and gas turbines upgrades in Lybia.

The Power Sectors received the following major orders during the first half of 2008/09:

Country	Sector	Description
Algeria	Power Systems	1,280 MW 3xGT26 combined-cycle power plant
China	Power Systems	Turbine island of an EPR nuclear power plant
China	Power Systems	Turbine island of a CPR1000 nuclear power plant
Germany	Power Systems	Supercritical boilers for 2x800 MW units of a coal-fired power plant
Germany	Power Systems	Turnkey power block of a 910 MW supercritical coal-fired power plant
Indonesia	Power Systems	235 MW 1xGT13 combined-cycle power plant
Panama	Power Systems	Turbines-generators and other mechanical equipment for 3 hydropower plants
Portugal	Power Systems	Extension of a hydropower plant (2x120 MW)
Saudi Arabia	Power Systems	1,200 MW oil-fired steam power plant
South Africa	Power Systems	6x790 MW turbine islands for a coal-fired power plant
Spain	Power Systems	Frame agreement for 300 MW of wind turbines
Tunisia	Power Systems Power Service	400 MW 1xGT26 combined-cycle power plant 12-year operation and maintenance contract
United Arab Emirates	Power Service	16-year contract for spare parts and maintenance services for a 2,000 MW combined-cycle power plant

4.1.2. Sales

4.1.2.1. Power Systems

During the first semester of 2008/09, Power Systems reached sales of €4,330 million. This represents a 22% increase on an actual basis, 17% on an organic basis, as the Sector is progressively stepping up the execution of its large backlog.

Sales in Europe were €2,187 million, +36% vs. the first semester last year, representing half of the total Sector sales. The Sector is delivering major turnkey steam and gas plants in the UK, Poland and Bulgaria, and is also leveraging its recently integrated wind activity.

Sales in North America were €468 million (11% of total sales), down 27% from the first half of last year, as more contracts for environmental control systems in the USA were traded last year.

In South and Central America, sales increased by 87% at €333 million (8% of total sales), driven by the trading of a gas power plant and of hydro projects in Brazil.

Sales in Asia/Pacific were stable at €729 million (17% of total sales) and included, among others, the delivery of gas turbine projects in Australia and in India and of boilers in China.

Finally sales in Middle East/Africa went up 60% at €613 million (14% of total sales), with the trading of turnkey gas plants in the United Arab Emirates, Algeria and Morocco.

Power Systems					
Actual figures, in € million	**1st Half 30 Sept. 08**	% of contrib	**1st Half 30 Sept. 07**	% of contrib	*% Var. Sept 08/07*
Europe	2,187	50%	1,610	45%	*36%*
North America	468	11%	637	18%	*(27%)*
South and Central America	333	8%	178	5%	*87%*
Asia/Pacific	729	17%	731	21%	*(0%)*
Middle East/Africa	613	14%	382	11%	*60%*
Sales by destination	**4,330**	**100%**	**3,538**	**100%**	***22%***

4.1.2.2. Power Service

Power Service's sales increased by 11% (18% on an organic basis) during the first half of 2008/09, reaching €1,954 million.

Sales increased by 15% in Europe at €780 million (40% of total sales). North America contributed significantly with sales at €550 million (28% of total sales), a 3% increase in spite of the decline of the EUR / USD value. Sales in South and Central America were €70 million. Power Service posted sales of €315 million in Asia/Pacific, +9% compared to last year. Finally, sales reached €239 million in Middle East/Africa, up 15% compared to last year due to the recent increase in the gas service business in the Middle East.

Power Service					
Actual figures, in € million	**1st Half 30 Sept. 08**	% of contrib	**1st Half 30 Sept. 07**	% of contrib	*% Var. Sept 08/07*
Europe	780	40%	679	39%	*15%*
North America	550	28%	536	31%	*3%*
South and Central America	70	4%	43	2%	*63%*
Asia/Pacific	315	16%	290	16%	*9%*
Middle East/Africa	239	12%	208	12%	*15%*
Sales by destination	**1,954**	**100%**	**1,756**	**100%**	***11%***

4.1.3. Income from operations and operating margin

4.1.3.1. Power Systems

Power Systems' income from operations increased to €254 million during the first half of 2008/09, +60% vs. the amount recorded last year (€159 million). This sharp increase is the consequence of higher sales, the trading of better quality contracts booked and a continuing focus on cost control. The operating margin rose significantly from 4.5% to 5.9%.

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4.1.3.2. Power Service

Power Service's income from operations was €327 million, a 14% increase compared to last year, reflecting the growth in traded volume and the Sector's ability to continuously optimize its operations. The operating margin was 16.7% vs. 16.3% last year.

4.2. Transport Sector

Transport			% Variation	
Actual figures	**1st Half**	**1st Half**	Sept 08 / Sept 07	
(in € million)	**30 Sept. 08**	**30 Sept. 07**	Actual	Organic
Order backlog	20,141	17,200	17%	18%
Orders received	5,198	4,796	8%	11%
Sales	2,672	2,686	(1%)	2%
Income from operations	176	186	(5%)	(5%)
Operating margin	6.6%	6.9%		
EBIT	163	179	(9%)	
Capital Employed	(245)	(112)	119%	

4.2.1. Orders received

Orders received by Transport during the first half of 2008/09 were €5,198 million, 8% higher than the same semester last year (11% higher on an organic basis), confirming a sustained demand as the first half of last year was already at a very high level with a major order received for TGV[3] Duplex in France.

Main orders received during the semester include:

- the supply of PENDOLINO™ trains and a 10-year maintenance contract in the UK, capitalizing on the customer's satisfaction with ALSTOM's good record of service;
- the supply of new generation AGV™ trains in Italy, confirming that ALSTOM is at the cutting edge on very high speed and demonstrating customers' interest in innovative solutions.

The order intake in Europe was €4,040 million, 9% higher than last year, which was at a record level with the booking of a major order for very high speed trains in France. With 78% of the total order intake, Europe remains the most important region in terms of orders received, benefiting from sustained demand driven by urban congestion, mobility needs and environmental concerns. The level of orders achieved demonstrates ALSTOM's ability to adapt efficiently, through operational excellence and innovation, to all kinds of markets (maintenance in the UK, new CORADIA™ LIREX in Germany, AGV™ in Italy …).

Orders received in North America were €360 million (7% of the total) vs. €624 million last year, which included a significant order for metros in the USA. Transport booked a contract to supply infrastructure for Line 12 of the Mexico City metro system.

[3] TGV is a trademark of SNCF.

Orders received in South & Central America were €332 million (6% of the total) vs. €177 million during the first semester of 2007/08. An order was booked to supply the automated system for 3 lines of the Sao Paolo metro. ALSTOM succeeded in selling its URBALIS™ solution in South & Central America, after successes in China and Turkey.

In Asia/Pacific, Transport booked orders amounting to €85 million (2% of the total) vs. €220 million last year (when Transport had booked 2 significant orders for metros in China).

In Middle East/Africa, new orders were booked for €381 million vs. €62 million last year. Main orders booked include a turnkey tramway system for Dubai along with tramways for Rabat, confirming the dynamism of the ALSTOM's light rail vehicles solutions.

Transport received the following significant orders during the first half of 2008/09:

Country	**Description**
Brazil	Automated system for lines 1, 2 and 3 of the Sao Paulo metro system
Chile	Metropolis cars for the Santiago metro system
Germany	CORADIA™ LINT regional trains
Germany	CORADIA™ Continental regional trains
Italy	New-generation very high speed train AGV™ for a private Italian operator
Mexico	Electromechanical equipment for Line 12 of the Mexico City metro system
Morocco	CITADIS™ for the Rabat tramway
United Arab Emirates	Phase 1 of the Al Safooh tram network in Dubai
United Kingdom	PENDOLINO™ high-speed tilting trains and a 10-year maintenance contract

4.2.2. Sales

During the first half of 2008/09, Transport sales reached €2,672 million, a 1% decrease on an actual basis and a 2% increase on an organic basis.

Europe represented 70% of Transport sales, at €1,878 million, an 18% increase compared to last year. Main contracts traded during the semester include the delivery of TGV[4] and metros in France and of high-speed trains in Italy as well as the ramp-up on regional trains in France, Germany and Spain.

In North America, sales increased by 4% at €316 million (12% of total sales), with an increased trading of the New York City metro contract, while contracts for the Washington and Atlanta metro networks are nearing completion.

Sales in South and Central America increased by 8% at €142 million as progress was made on the delivery of metros for the Sao Paolo network, while projects in Chile and Venezuela are coming to an end.

In Asia/Pacific, sales amounted to €215 million, representing a 59% decrease compared to last year, as contracts for the supply of locomotives and electrical multiple units in China are nearing completion.

[4] TGV is a trademark of SNCF.

Finally sales in Middle East/Africa were €121 million, with notably the progressive delivery of the Algiers tramway.

Transport **Actual figures, in € million**	**1st Half** **30 Sept. 08**	% of contrib	**1st Half** **30 Sept. 07**	% of contrib	*% Var.* *Sept 08/07*
Europe	1,878	70%	1,598	60%	*18%*
North America	316	12%	305	11%	*4%*
South and Central America	142	5%	131	5%	*8%*
Asia/Pacific	215	8%	519	19%	*(59%)*
Middle East/Africa	121	5%	133	5%	*(9%)*
Sales by destination	**2,672**	**100%**	**2,686**	**100%**	***(1%)***

4.2.3. Income from operations and operating margin

Transport's income from operations was €176 million, a 5% decrease compared to last year. The operating margin decreased slightly from 6.9% to 6.6%: this slight reduction stems from stable volume as ramps up of some contracts are expected for the end of the year, coupled with spendings on new platforms. The Sector kept on focusing on project execution as well as continuing cost reductions through the implementation of its platforming strategy.

4.3. Corporate and Others

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

Corporate & Others **Actual figures** **(in € million)**	**1st Half** **30 Sept. 08**	**1st Half** **30 Sept. 07**	% Variation Sept 08 / Sept 07 Actual	 Organic
Order backlog	-	27	N/A	N/A
Orders received	-	26	N/A	N/A
Sales	-	24	N/A	N/A
Income from operations	(60)	(58)	3%	(5%)
EBIT	(47)	(70)	(33%)	
Capital Employed	(228)	(109)	109%	

Income from operations was €(60) million during the first half of 2008/09 vs. €(58) million last year. EBIT at €(47) million (vs. €(70) million last year) includes a capital gain from the disposal of non-consolidated investments in South Africa and an additional capital loss relating to the disposal of the former Marine Sector.

5. Use and reconciliation of non-GAAP financial measures

This section presents non-GAAP financial indicators.

Under the rules of the *Autorité des marchés financiers* ("AMF"), a non-GAAP financial indicator is a numerical measurement of historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measurement calculated and presented in accordance with GAAP in the consolidated income statement, consolidated balance sheet or consolidated statement of cash flows; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measurement so calculated and presented. In this regard, GAAP refers to International Financial Reporting Standards.

5.1. Free cash flow

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

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

Total Group **Actual figures** **(in € million)**	**1st Half** **30 Sept. 08**	**1st Half** **30 Sept. 07**
Net cash provided by operating activities - continuing operations	**1,459**	**1,408**
Capital expenditure (including capitalized development costs)	(265)	(172)
Proceeds from disposals of tangible and intangible assets	7	12
Free Cash Flow	**1,201**	**1,248**

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

5.2. Capital employed

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

Capital employed by Sectors and for the Group as a whole is also presented in Note 4 to the Consolidated Financial Statements.

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

Total Group **Actual figures** **(in € million)**	**30 Sept. 08**	**31 March 08**
Non current assets	8,518	8,357
less deferred tax	(1,064)	(1,070)
less non-current assets directly associated to financial debt	(538)	(546)
less prepaid pensions and other employee benefit costs	(12)	(17)
Capital employed - non current assets **(A)**	6,904	6,724
Current assets	14,458	12,988
less cash & cash equivalents	(2,716)	(2,115)
less marketable securities and other current financial assets	(169)	(170)
Capital employed - current assets **(B)**	11,573	10,703
Current liabilities	17,954	16,468
less current financial debt	(395)	(619)
plus non current provisions	470	503
Capital employed - liabilities **(C)**	18,029	16,352
Capital employed (A)+(B)-(C)	**448**	**1,075**

5.3. Net cash

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

Total Group **Actual figures** **(in € million)**	**30 Sept. 08**	**31 March 08**
Cash and cash equivalents	2,716	2,115
Marketable securities and other current financial assets	169	170
Financial non-current assets directly associated to financial debt	538	546
less:		
Current financial debt	395	619
Non current financial debt	1,164	1,308
Net cash	**1,864**	**904**

5.4. Organic basis

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

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

- the actual figures for 2007/08 (orders in hand, orders received, sales and income from operations) are restated taking into account the exchange rates used for the first half of 2008/09, as stated in the Consolidated Financial Statements;
- in order to reflect the same scope of activity, the same indicators are adjusted both for the first half of 2007/08 (restatement of disposals) and for the first half of 2008/09 (restatement of acquisitions).

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

in € million	1st Half - 30 Sept. 07 Actual figures	Exchange rate	Scope impact	Comparable Figures	2nd Half - 31 Mar. 08 Actual figures	Exchange rate	Scope impact	Comparable Figures	1st Half - 30. Sept 08 Actual figures	Scope Impact	Organic figures	% Var Act. Sept 08 / Sept 07	% Var Org Sept 08 / Sept 07
Power Systems	14,117	(7)	-	14,110	16,039	421	-	16,460	20,191	(569)	19,622	43%	39%
Power Service	5,882	72	-	5,954	5,900	105	-	6,005	6,547	(1)	6,546	11%	10%
Transport	17,200	(190)	-	17,010	17,283	195	-	17,478	20,141	-	20,141	17%	18%
Corporate & Others	27	(4)	(23)	-	-	-	-	-	-	-	-	N/A	N/A
Orders in hand	**37,226**	**(129)**	**(23)**	**37,074**	**39,222**	**721**	**-**	**39,943**	**46,879**	**(570)**	**46,309**	**26%**	**25%**
Power Systems	5,513	(150)		5,363	6,056	(207)	-	5,849	7,767	(236)	7,531	41%	40%
Power Service	2,512	(101)		2,411	1,889	(27)	-	1,862	2,436	(1)	2,435	-3%	1%
Transport	4,796	(97)		4,699	2,671	(52)	-	2,619	5,198	-	5,198	8%	11%
Corporate & Others	26	(4)	(22)	-	9	-	(9)	-	-	-	-	N/A	N/A
Orders Received	**12,847**	**(352)**	**(22)**	**12,473**	**10,625**	**(286)**	**(9)**	**10,330**	**15,401**	**(237)**	**15,164**	**20%**	**22%**
Power Systems	3,538	(95)	-	3,443	4,230	(35)	-	4,195	4,330	(296)	4,034	22%	17%
Power Service	1,756	(102)	-	1,654	1,846	(46)	-	1,800	1,954	(3)	1,951	11%	18%
Transport	2,686	(62)	-	2,624	2,823	(27)	-	2,796	2,672	-	2,672	-1%	2%
Corporate & Others	24	(3)	(21)	-	5	(1)	(4)	-		-	-	N/A	N/A
Sales	**8,004**	**(262)**	**(21)**	**7,721**	**8,904**	**(109)**	**(4)**	**8,791**	**8,956**	**(299)**	**8,657**	**12%**	**12%**
Power Systems	159	(5)	-	154	256	(3)	-	253	254	(4)	250	60%	62%
Power Service	286	(5)	-	281	306	(4)	-	302	327	1	328	14%	17%
Transport	186	-	-	186	211	(2)	-	209	176	-	176	-5%	-5%
Corporate & Others	(58)	-	(5)	(63)	(51)	-	-	(51)	(60)	-	(60)	3%	-5%
Income from Operations	**573**	**(10)**	**(5)**	**558**	**722**	**(9)**	**-**	**713**	**697**	**(3)**	**694**	**22%**	**24%**
Power Systems	4.5%			4.5%	6.1%			6.0%	5.9%		6.2%		
Power Service	16.3%			17.0%	16.6%			16.8%	16.7%		16.8%		
Transport	6.9%			7.1%	7.5%			7.5%	6.6%		6.6%		
Corporate & Others	N/A			N/A	N/A			N/A	N/A		N/A		
Operating margin	**7.2%**			**7.2%**	**8.1%**			**8.1%**	**7.8%**		**8.0%**		
Sales	8,004	(262)	(21)	7,721	8,904	(109)	(4)	8,791	8,956	(299)	8,657	12%	12%
Cost of sales	(6,547)	236	14	(6,297)	(7,214)	94	4	(7,116)	(7,319)	265	(7,054)	12%	12%
R&D expenses	(252)	2	-	(250)	(302)	1	-	(301)	(274)	6	(268)	9%	7%
Selling expenses	(298)	7	2	(289)	(321)	2	-	(319)	(324)	4	(320)	9%	11%
Administrative expenses	(334)	7	-	(327)	(345)	3	-	(342)	(342)	21	(321)	2%	-2%
Income from Operations	**573**	**(10)**	**(5)**	**558**	**722**	**(9)**	**-**	**713**	**697**	**(3)**	**694**	**22%**	**24%**

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6. Other information

6.1. Information related to the parent company

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

Net profit amounted to €148 million for the first half of 2008/09, compared to €122 million for the first half of 2007/08.

6.2. Related parties

During the first semester of 2008/09, there was no new significant transaction between related parties.

Interim consolidated financial statements,
Half-year ended 30 September 2008

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INTERIM CONSOLIDATED INCOME STATEMENTS

(in € million)	Note	Half-year ended 30 September 2008	Half-year ended 30 September 2007 (*)	Year ended 31 March 2008 (*)
SALES	(4)	**8,956**	**8,004**	**16,908**
Cost of sales		(7,319)	(6,547)	(13,761)
Research and development expenditure	(5)	(274)	(252)	(554)
Selling expenses		(324)	(298)	(619)
Administrative expenses		(342)	(334)	(679)
INCOME FROM OPERATIONS	(4)	**697**	**573**	**1,295**
Other income	(6)	46	53	26
Other expenses	(6)	(57)	(65)	(100)
EARNINGS BEFORE INTEREST AND TAXES	(4)	**686**	**561**	**1,221**
Financial income (expenses)	(7)	19	(41)	(69)
PRE-TAX INCOME		**705**	**520**	**1,152**
Income tax charge	(8)	(174)	(129)	(291)
Share in net income of equity investments		-	1	1
NET PROFIT		**531**	**392**	**862**
Attributable to:				
- Equity holders of the parent		527	388	852
- Minority interests		4	4	10
Earnings per share (in €)				
- Basic	(9)	1.85	1.38	3.01
- Diluted	(9)	1.82	1.34	2.95

(*) Basic and diluted earnings per share have been restated in order to reflect the two-for-one stock split that took place on 7 July 2008.

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEETS

(in € million)	Note	At 30 September 2008	At 31 March 2008
Assets			
Goodwill	(10)	3,844	3,767
Intangible assets	(10)	1,354	1,322
Property, plant and equipment	(11)	1,584	1,501
Associates and available-for-sale financial assets		60	62
Other non-current assets	(12)	612	635
Deferred taxes	(8)	1,064	1,070
Total non-current assets		**8,518**	**8,357**
Inventories		2,788	2,316
Construction contracts in progress, assets	(13)	2,931	2,807
Trade receivables		3,469	3,538
Other current assets related to operating activities	(14)	2,385	2,042
Marketable securities and other current financial assets	(15)	169	170
Cash and cash equivalents		2,716	2,115
Total current assets		**14,458**	**12,988**
Total assets		**22,976**	**21,345**
Equity and liabilities			
Equity attributable to the equity holders of the parent	(17)	2,446	2,210
Minority interests	(17)	31	35
Total equity	(17)	**2,477**	**2,245**
Non-current provisions	(19)	470	503
Accrued pension and other employee benefits	(20)	907	818
Non-current borrowings	(21)	538	664
Non-current obligations under finance leases	(21)	626	644
Deferred taxes	(8)	4	3
Total non-current liabilities		**2,545**	**2,632**
Current provisions	(19)	1,193	1,258
Current borrowings	(21)	345	576
Current obligations under finance leases	(21)	50	43
Construction contracts in progress, liabilities	(13)	10,333	8,931
Trade payables		3,482	3,132
Other current liabilities	(22)	2,551	2,528
Total current liabilities		**17,954**	**16,468**
Total liabilities		**22,976**	**21,345**

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € million)	Note	Half-year ended 30 September 2008	Half-year ended 30 September 2007	Year ended 31 March 2008
Net profit		**531**	**392**	**862**
Depreciation, amortisation and expense arising from share-based payments		184	185	385
Changes in prepaid and accrued employee defined benefits		(48)	(52)	(114)
Net (gains) losses on disposal of non-current assets and investments		2	(7)	(34)
Share in net income of associates (net of dividends received)		-	(1)	(1)
Changes in deferred taxes	(8)	54	49	97
Net cash provided by operating activities - before changes in net working capital		**723**	**566**	**1,195**
Changes in net working capital	(16)	**736**	**842**	**897**
Net cash provided by operating activities		**1,459**	**1,408**	**2,092**
Proceeds from disposal of tangible and intangible assets		7	12	41
Capital expenditure		(265)	(172)	(498)
Decrease in other non-current assets	(12)	7	18	38
Cash expenditure for acquisition of investments		(6)	(63)	(425)
Cash (expenditure) proceeds from sale of investments, net of net cash sold		17	(67)	(52)
Net cash used in investing activities		**(240)**	**(272)**	**(896)**
Capital increase	(17)	8	11	100
Repayment of current, non-current borrowings		(396)	(351)	(956)
Repayment of obligations under finance leases		(15)	(15)	(38)
Decrease (increase) in marketable securities and other current financial assets		(7)	107	54
Dividends paid including payments to minorities	(17)	(232)	(116)	(117)
Net cash used in financing activities		**(642)**	**(364)**	**(957)**
Net effect of exchange rate variations		18	(11)	(33)
Other changes		6	-	2
Increase in cash and cash equivalents		**601**	**761**	**208**
Cash and cash equivalents at the beginning of the period		**2,115**	**1,907**	**1,907**
Cash and cash equivalents at the end of the period		**2,716**	**2,668**	**2,115**
Cash (paid) for income taxes		(129)	(74)	(140)
Cash received (paid) for net interest		12	(11)	(58)

Net cash / net debt variation analysis (*)			
Increase in cash and cash equivalents	601	761	208
Decrease in marketable securities and other current financial assets	(1)	(107)	(49)
Repayment of current and non-current borrowings	396	351	956
Repayment of obligations under finance leases	15	15	38
Net debt of acquired entities at acquisition date	-	(68)	(210)
Net effect of exchange rate and other	(51)	13	25
Decrease in net debt	-	64	64
Increase in net cash	960	901	904
Net debt at the beginning of the period	-	(64)	(64)
Net cash at the beginning of the period	904	-	-
Net cash at the end of the period	**1,864**	**901**	**904**

(*) The net cash / net debt is defined as cash and cash equivalents, marketable securities and other current financial assets (see Note 15) and non current financial assets directly associated to liabilities included in financial debt (see Note 12) less financial debt (see Note 21)

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSES

(in € million)	Half year ended 30 September		Year ended 31 March
	2008	**2007**	**2008**
Net profit recognised in income statements	**531**	**392**	**862**
Fair value gains (losses), gross of tax			
- on available-for-sale financial assets	-	-	-
- on cash flow hedges	17	-	-
Currency translation adjustments	24	5	(34)
Actuarial gains (losses) (see Note 20)	(126)	161	30
Tax effect	6	(13)	6
Income and expense directly recognised in equity	**(79)**	**153**	**2**
Total recognised income and expense for the periods	**452**	**545**	**864**
Attributable to:			
- Equity holders of the parent	448	541	857
- Minority interests	4	4	7

The accompanying notes are an integral part of these interim consolidated financial statements

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 – Description of business

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

The main activities of the Group are described in Note 4.

Note 2 – Basis of preparation of the interim consolidated financial statements

Alstom interim consolidated financial statements for the half-year ended 30 September 2008 have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted for use by the European Union and whose application was mandatory as of 1st April 2008,
- in accordance with IAS 34 standard "Interim Financial Reporting",
- using the same accounting policies and measurement methods for the year ended 31 March 2008, with the exception of the specific requirements of IAS 34.

The full set of standards adopted for use in the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements as at 31 March 2008.

The interim consolidated financial statements are presented in euro, and have been authorised for issue by the Board of Directors held on 5 November 2008.

In the interim consolidated financial statements the Group has not opted for an application of standards and interpretations which will become effective for the preparation of the year-end financial statements at 31 March 2010 or subsequently.

A. Standards and interpretations becoming effective for the preparation of the interim consolidated financial statements at 30 September 2008

- IFRIC 12 "Service Concession Arrangements" is effective for the preparation of the Group's interim consolidated financial statements for the half-year ended 30 September 2008. It is not applicable to any of the reporting units included in the consolidation scope as of 1 April 2008.

- IFRIC 14 " IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction" has been applied in the Group's interim consolidated financial statements for the half-year ended 30 September 2008. The application of this interpretation has no impact.

B. Standards and interpretations published but becoming effective after the publication of year-end consolidated financial statements at 31 March 2009

The Group has not opted for an early application in the interim financial statements at 30 September 2008 of the following standards and interpretations:

- Standards and Interpretations which, subject to endorsement by the European Union (except IFRS 8 already endorsed), will become effective for the preparation of the Group's consolidated financial statements for the year ended 31 March 2010:
  - Revised IAS 1 " Presentation of Financial Statements",
  - Amendment to IAS 23 "Borrowing Costs",
  - Revised IAS 32 "Amendments relating to puttable instruments and obligations arising on liquidation",
  - Revised IFRS 2 "Share-based payment - Amendment relating to vesting conditions and cancellations",
  - IFRS 8 "Operating Segments",
  - IFRIC 13 "Customer Loyalty Programmes",
  - IFRIC 15 "Agreements for the Construction of Real Estate",
  - IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", and
  - All amendments resulting from May 2008 annual improvements to IFRSs.

- Standards which, subject to endorsement by the European Union, will become effective for the preparation of the Group's consolidated financial statements for the year ended 31 March 2011:
  - Revised IFRS 3 "Business Combinations" and resulting amendments to IAS 27 "Consolidated and separate Financial statements", IAS 28 "Interests in Associates and IAS 31 "Interests in Joint Ventures",
  - Revised IAS 39 "Financial Instruments: Recognition and measurement- Amendments for eligible hedged items",
  - Amendment to IFRS 5 " Non current assets held for sale and discontinued operations".

The Group is currently assessing the potential impacts of these new standards and interpretations.

C. Exchange rates used for the translation of main currencies

	At 30 September 2008		**At 30 September 2007**		**At 31 March 2008**	
€ for 1 monetary unit	**Average**	**Closing**	**Average**	**Closing**	**Average**	**Closing**
British pound	1.259470	1.265342	1.471603	1.435132	1.417540	1.256597
Swiss franc	0.620429	0.633955	0.607099	0.602373	0.610175	0.635405
US dollar	0.652153	0.699154	0.734587	0.705268	0.706320	0.632431
Brazilian real	0.393561	0.363306	0.376689	0.382044	0.380985	0.362924
Indian rupee	0.015293	0.015116	0.018025	0.017728	0.017595	0.015825
Chinese yuan	0.094524	0.102089	0.096418	0.093708	0.094738	0.090192

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Note 3 – Main acquisitions, partnerships, disposals of companies and changes in scope of consolidation

No significant change in the scope of consolidated companies has to be reported for the half-year ended 30 September 2008.

Note 4 – Sector and geographical data

A. Sector data

The Group is managed through sectors of activity and has determined its reportable segments accordingly. At 30 September 2008, the Group is organised in three Sectors.

- ***Power Systems***

Power Systems provides steam turbines, gas turbines, wind turbines, generators and power plant engineering, as well as hydro equipments and systems. It also focuses on boilers and emissions control equipment in the power generation, petrochemical and industrial markets. Finally, it serves demand for upgrades and modernisation of existing power plants.

- ***Power Service***

Power Service promotes the service activities relating to the Power Systems Sector in all geographical markets.

- ***Transport***

Transport provides equipment, systems, and customer support for rail transportation activities, including passenger trains, locomotives, signalling equipment, rail components and services.

At 30 September 2008

(in € million)	Power Systems	Power Service	Transport	Corporate & other (1)	Elimination	Total
Sales	4,485	2,043	2,673	-	(245)	8,956
Inter sector eliminations	(155)	(89)	(1)	-	245	-
Total Sales	**4,330**	**1,954**	**2,672**	**-**	**-**	**8,956**
Income (loss) from operations	254	327	176	(60)	-	697
Earnings (loss) before interest and taxes	**244**	**326**	**163**	**(47)**	**-**	**686**
Financial income (expenses)						19
Income tax						(174)
Share in net income of equity investments						-
NET PROFIT						**531**
Segment assets (2)	**7,702**	**4,922**	**5,096**	**757**	**-**	**18,477**
Deferred taxes (assets)						1,064
Prepaid pension and other employee benefits						12
Financial assets						3,423
TOTAL ASSETS						**22,976**
Segment liabilities (3)	**9,089**	**2,614**	**5,341**	**985**	**-**	**18,029**
Deferred taxes (liabilities)						4
Accrued pension and other employee benefits						907
Financial debt						1,559
Total equity						2,477
TOTAL EQUITY AND LIABILITIES						**22,976**
Capital employed (4)	**(1,387)**	**2,308**	**(245)**	**(228)**	**-**	**448**
Capital expenditure	**117**	**34**	**97**	**17**	**-**	**265**
Depreciation and amortisation in EBIT	**69**	**38**	**61**	**14**	**-**	**182**

(1) Corporate & Other includes all units bearing Corporate costs, the Group International Network and overseas entities that are not allocated to Sectors.

(2) Segment assets are defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non current assets (excluding prepaid pension and other long-term employee benefits and financial non-current assets associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents).

(3) Segment liabilities are defined as the closing position of current and non current provisions and current liabilities (excluding current borrowings and current obligations under finance leases).

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

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At 30 September 2007

(in € million)	Power Systems	Power Service	Transport	Corporate & other (1)	Elimination	Total
Sales	3,677	1,848	2,688	25	(234)	8,004
Inter sector eliminations	(139)	(92)	(2)	(1)	234	-
Total Sales	**3,538**	**1,756**	**2,686**	**24**	**-**	**8,004**
Income (loss) from operations	**159**	**286**	**186**	**(58)**	**-**	**573**
Earnings (loss) before interest and taxes	**162**	**290**	**179**	**(70)**	**-**	**561**
Financial income (expenses)						(41)
Income tax						(129)
Share in net income of equity investments						1
NET PROFIT						**392**
Segment assets (2)	**6,166**	**4,593**	**4,857**	**447**	**-**	**16,063**
Deferred taxes (assets)						1,181
Prepaid pension and other employee benefits						29
Financial assets						3,430
TOTAL ASSETS						**20,703**
Segment liabilities (3)	**7,511**	**2,506**	**4,969**	**556**	**-**	**15,542**
Deferred taxes (liabilities)						8
Accrued pension and other employee benefits						793
Financial debt						2,529
Total equity						1,831
TOTAL EQUITY AND LIABILITIES						**20,703**
Capital employed (4)	**(1,345)**	**2,087**	**(112)**	**(109)**	**-**	**521**
Capital expenditure	**54**	**24**	**78**	**16**	**-**	**172**
Depreciation and amortisation in EBIT	**57**	**37**	**58**	**20**	**-**	**172**

(1) Corporate & Other includes all units bearing Corporate costs, the Group International Network and overseas entities that are not allocated to Sectors.

(2) Segment assets are defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non current assets (excluding prepaid pension and other long-term employee benefits and financial non-current assets associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents).

(3) Segment liabilities are defined as the closing position of current and non current provisions and current liabilities (excluding current borrowings and current obligations under finance leases).

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

At 31 March 2008

(in € million)	Power Systems	Power Service	Transport	Corporate & other (1)	Elimina-tion	Total
Sales	8,082	3,803	5,512	29	(518)	16,908
Inter-sector eliminations	(314)	(201)	(3)	-	518	-
Total Sales	**7,768**	**3,602**	**5,509**	**29**	**-**	**16,908**
Income (loss) from operations	**415**	**592**	**397**	**(109)**	**-**	**1,295**
Earnings (loss) before interest and taxes	**408**	**593**	**368**	**(148)**	**-**	**1,221**
Financial income (expenses)						(69)
Income tax						(291)
Share in net income of equity investments						1
NET PROFIT						**862**
Segment assets (2)	**7,139**	**4,749**	**4,940**	**599**	**-**	**17,427**
Deferred taxes (assets)						1,070
Prepaid pension and other employee benefits						17
Financial assets						2,831
TOTAL ASSETS						**21,345**
Segment liabilities (3)	**8,076**	**2,525**	**5,024**	**727**	**-**	**16,352**
Deferred taxes (liabilities)						3
Accrued pension and other employee benefits						818
Financial debt						1,927
Total equity						2,245
TOTAL EQUITY AND LIABILITIES						**21,345**
Capital employed (4)	**(937)**	**2,224**	**(84)**	**(128)**	**-**	**1,075**
Capital expenditure	**226**	**70**	**171**	**31**	**-**	**498**
Depreciation and amortisation in EBIT	**126**	**73**	**101**	**41**	**-**	**341**

(1) Corporate & Other includes all units bearing Corporate costs, the Group International Network and overseas entities that are not allocated to Sectors.

(2) Segment assets are defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non current assets (excluding prepaid pension and other long-term employee benefits and financial non-current assets associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents).

(3) Segment liabilities are defined as the closing position of current and non current provisions and current liabilities (excluding current borrowings and current obligations under finance leases).

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

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B. Geographical data

Sales by country of destination and capital expenditure by country

Half-year ended 30 September 2008

(in € million)	Sales by country of destination	Capital expenditure Tangible	Capital expenditure Intangible
Euro Zone *(1)*	3,180	70	48
Rest of Europe	1,665	51	34
North America	1,334	17	-
South & Central America	545	4	-
Asia & Pacific	1,259	30	10
Middle East & Africa	973	1	-
Total Group	**8,956**	**173**	**92**

Total capital expenditure amount to €265 million for the half-year ended 30 September 2008. It includes €70 million of development costs (see Note 5).

Half-year ended 30 September 2007

(in € million)	Sales by country of destination	Capital expenditure Tangible	Capital expenditure Intangible
Euro Zone *(1)*	2,617	45	43
Rest of Europe	1,269	33	17
North America	1,479	19	-
South & Central America	352	3	-
Asia & Pacific	1,563	10	-
Middle East & Africa	724	2	-
Total Group	**8,004**	**112**	**60**

Total capital expenditure amount to €172 million for the half-year ended 30 September 2007. It includes €56 million of development costs (see Note 5).

Year ended 31 March 2008

(in € million)	Sales by country of destination	Capital expenditure Tangible	Capital expenditure Intangible
Euro Zone *(1)*	5,432	117	98
Rest of Europe	2,876	117	39
North America	3,109	67	2
South & Central America	881	10	-
Asia & Pacific	3,058	42	1
Middle East & Africa	1,552	5	-
Total Group	**16,908**	**358**	**140**

Total capital expenditure amount to €498 million for the year ended 31 March 2008. It includes €124 million of development costs (see Note 5).

(1) Euro zone comprises Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Malta, the Netherlands, Slovenia, Portugal and Spain.

Note 5 – Research and development expenditure

(in € million)	Half-year ended 30 September 2008	Half-year ended 30 September 2007	Year ended 31 March 2008
Research and development expenditure	**(274)**	**(252)**	**(554)**
of which			
- Capitalisation of development costs (see Note 10 - B)	(70)	(56)	(124)
- Amortisation of development costs (see Note 10 - B)	40	35	55
- Amortisation of acquired technology (see Note 10 - B)	34	31	62
Research and development expenditure before capitalisation and amortisation	**(270)**	**(242)**	**(561)**

Capitalisation of development costs relates mainly to new generation of very high speed train - AGV - and new tramway prototype for Transport Sector, and to CO_2 capture program and gas and steam turbines development for Power Systems Sector.

Note 6 – Other income and other expenses

(in € million)	Half-year ended 30 September 2008	Half-year ended 30 September 2007	Year ended 31 March 2008
Capital gains on disposal of investments/activities (1)	36	49	26
Other	10	4	-
Other income	**46**	**53**	**26**
Capital losses on disposal of investments/activities (1)	(40)	(49)	(39)
Restructuring costs (2)	(13)	(12)	(35)
Other	(4)	(4)	(26)
Other expenses	**(57)**	**(65)**	**(100)**

(1) In the half-year ended 30 September 2008, capital gains originate from the disposal of non consolidated investments in South Africa and capital losses relate mainly to the disposal of the former Marine Sector.

(2) Restructuring costs include mainly plans implemented in Europe in the Transport Sector.

Note 7 – Financial income (expenses)

(in € million)	Half-Year ended 30 September 2008	Half-Year ended 30 September 2007	Year ended 31 March 2008
Net interest income (expenses)	**15**	**(41)**	**(53)**
Pension and other employee benefit costs (see Note 20)	**2**	**6**	**12**
Other financial income (expenses)	**2**	**(6)**	**(28)**
Financial income (expenses)	**19**	**(41)**	**(69)**

The detailed analysis of net interest income (expenses) and other financial income (expenses) is as follows:

(in € million)	Interest	Dividends	From subsequent measurement: Gain	From subsequent measurement: Loss	Disposal	Foreign currency and other	Net gain / (loss)
Loans and receivables	56	-	-	-	-	(1)	10
Liabilities measured at amortised cost	(45)	-	-	-	-		
Instruments at fair value through profit and loss	4	-	-	-	-	-	4
Held-to-maturity investments	-	-	-	-	-	-	-
Available-for-sale assets	-	3	-	-	-	-	3
Total	15	3	-	-	-	(1)	17

Interest income of €56 million represents the remuneration of the Group's cash positions over the period.

The interest expenses of €(45) million represent the cost of financial debt, including the following effects:

- €(4) million related to the buy back and cancellation of bonds during the half-year ended 30 September 2008, see Note 21 (€(15) million for the half-year ended 30 September 2007 and €(33) million for the year ended 31 March 2008),
- €(5) million in interests on obligations under finance leases (€(5) million for the half-year ended 30 September 2007 and €(10) million for the year ended 31 March 2008),
- €(5) million expense arising from the progressive unwinding of the discount initially recognised on put options and earn-out on acquired entities (€(5) million for the half-year ended 30 September 2007 and €(10) million for the year ended 31 March 2008).

Other financial income (expenses) of €2 million incorporates:

- €(7) million in fees and commitment fees paid on guarantees facilities, syndicated loans and other financing facilities (€(5) million for the half-year ended 30 September 2007 and €(12) million for the year ended 31 March 2008),
- €4 million in foreign currency gain (€(3) million loss for the half-year ended 30 September 2007 and €(10) million loss for the year ended 31 March 2008),
- €3 million in dividends received from non consolidated investments (€1 million for the half-year ended 30 September 2007 and €4 million for the year ended 31 March 2008).

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Note 8 – Taxation

(a) Analysis by nature

(in € million)	Half-Year ended 30 September 2008	Half-Year ended 30 September 2007	Year ended 31 March 2008
Current income tax charge	(120)	(80)	(194)
Deferred income tax charge	(54)	(49)	(97)
Income tax charge	**(174)**	**(129)**	**(291)**
Effective tax rate	**24.7%**	**24.8%**	**25.3%**

Tax consolidation groups have been set up in most of the countries where the Group operates, in particular in France, the United Kingdom, the United States of America, Germany, Spain and Italy.

(b) Effective income tax rate

(in € million)	Half-Year ended 30 September 2008	%	Half-Year ended 30 September 2007	%	Year ended 31 March 2008	%
Pre-tax income	**705**		**520**		**1,152**	
Statutory income tax rate of the parent company	34.43%		34.43%		34.43%	
Expected tax charge	**(243)**	34.4	**(179)**	34.4	**(397)**	34.4
Impact of :						
- Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	46	(6.6)	48	(9.2)	114	(9.9)
- Transactions liable for reduced tax rate	-	-	-	-	7	(0.6)
- Changes in unrecognised deferred tax assets and in estimates of tax assets and liabilities	31	(4.4)	38	(7.3)	90	(7.8)
- Changes in tax rates	(14)	2.1	(19)	3.6	(64)	5.5
- Additional tax expense (withholding tax and IRAP in Italy)	(11)	1.6	(16)	3.1	(22)	1.9
- Permanent differences	17	(2.4)	(1)	0.2	(19)	1.8
Income tax charge	**(174)**		**(129)**		**(291)**	
Effective tax rate	**24.7%**	24.7	**24.8%**	24.8	**25.3%**	25.3

(c) Deferred taxation

The net deferred tax position recognised in the balance sheet, before netting of deferred tax assets and liabilities by tax entity, can be analysed as follows:

(in € million)	At 31 March 2008	Deferred income tax (charge) credit	Translation Adjustments and other changes	At 30 September 2008
Deferred tax assets				
Differences between carrying amount and tax base of tangible and intangible assets	285	(45)	2	242
Profit sharing, annual leave, pension and other employee benefit costs accruals not yet deductible	193	19	7	219
Provisions and other expenses not yet deductible	474	(22)	17	469
Tax loss carry forwards	1,336	(11)	40	1,365
Other	189	62	(1)	250
Total	**2,477**	**3**	**65**	**2,545**
Unrecognised deferred tax assets	(851)	(6)	(22)	(879)
Net deferred tax assets	**1,626**	**(3)**	**43**	**1,666**
Deferred tax liabilities				
Differences between carrying amount and tax base of tangible and intangible assets	(95)	(4)	(1)	(100)
Deferred taxation of margin on construction contracts	(177)	(56)	(1)	(234)
Other	(287)	15	-	(272)
Total	**(559)**	**(45)**	**(2)**	**(606)**
Net deferred tax (liabilities) / assets	**1,067**	**(48)**	**41**	**1,060**

Movements in deferred taxes recorded in the balance sheet, after netting of deferred tax assets and liabilities by tax entity, can be broken down as follows:

(in € million)	Assets	Liabilities	Net position
At 31 March 2008	**1,070**	**(3)**	**1,067**
Tax on net income of the period	(9)	(45)	(54)
Translation adjustments and other	49	(2)	47
Impact of netting by tax entity of the period	(46)	46	-
At 30 September 2008	**1,064**	**(4)**	**1,060**

The assessment of recognised deferred tax assets is conducted through a detailed review of deferred tax assets by jurisdiction. This review takes into account past and current performance, length of carry back, carry forwards and expiry periods, existing contracts in the order book, budget and the three-year plan.

Regarding the amount of net recognised deferred tax assets at 31 March 2008 (€1,067 million), the Group was satisfied as to its recoverability, on the basis of an extrapolation of the three-year business plan, approved by the Board of Directors, which shows a capacity to generate a sufficient level of taxable profits to recover, within 5 year, the most part of its net assets related to tax loss carry forwards.

As every year, the Group will prepare a new three-year plan in the fourth quarter of the financial year in order to assess the recoverability of the deferred tax assets for the fiscal year 2008/09. The Group considers that the assumptions on which it concluded on the recoverability of the deferred tax assets for fiscal year 2007/08 is not significantly modified at 30 September 2008.

Note 9 – Earnings per share

A. Earnings

(in € million)	Half-year ended 30 September 2008	Half-year ended 30 September 2007	Year ended 31 March 2008
Net profit - Equity holders of the parent	527	388	852
Financial interests related to bonds reimbursable with shares, net of tax	-	1	-
Earnings used to calculate basic and diluted earnings per share	**527**	**389**	**852**

B. Number of shares

	Half-year ended 30 September 2008	Half-year ended 30 September 2007 (1)	Year ended 31 March 2008 (1)
Weighted average number of ordinary shares used to calculate basic earnings per share (2)	**285,282,688**	**281,019,986**	**282,297,348**
Effect of other dilutive potential ordinary shares:			
- Stock options (3) and performance shares	5,035,362	6,274,000	4,926,962
- Free shares	102,672	1,200,000	1,302,672
Weighted average number of ordinary shares used to calculate diluted earnings per share	**290,420,722**	**288,493,986**	**288,526,982**

(1) Basic and diluted earnings per share have been restated in order to reflect the two-for-one stock split that took place on 7 July 2008.

(2) Shares that will be issued upon the conversion of bonds reimbursable with shares are included in the calculation.

(3) Stock options used to calculate the diluted earnings per share relate to plans 7, 8 and 9 (see Note 18), plans 6 and 10 being out of the money as at 30 September 2008

C. Earnings per share

	Half-year ended 30 September 2008	Half-year ended 30 September 2007 (1)	Year ended 31 March 2008 (1)
- Basic	1.85	1.38	3.01
- Diluted	1.82	1.34	2.95

(1) Basic and diluted earnings per share have been restated in order to reflect the two-for-one stock split that took place on 7 July 2008.

Note 10 – Goodwill and intangible assets

A. Goodwill

(in € million)	Net value at 31 March 2008	Acquisitions and purchase accounting adjustments	Disposals	Translation adjustments and other changes	Net value at 30 September 2008
Power Systems	1,137	53	-	10	1,200
Power Service	2,115	-	-	11	2,126
Transport	515	-	-	3	518
Goodwill	**3,767**	**53**	**-**	**24**	**3,844**
of which					
Gross value	3,767	53	-	24	3,844
Impairment	-	-	-	-	-

Movements of the period include subsequent adjustments to the goodwill resulting from the acquisitions of Ecotècnia and Wuhan Boilers Company. At 31 March 2008 those goodwill were calculated on a preliminary basis.

At 31 March 2008, the Group requested a third party expert to provide an independent report as part of its annual impairment test for goodwill. This test compares the fair value of each sector to its carrying amount. The valuation supports the Group's opinion that goodwill is not impaired.

At 30 September 2008, the Group considers that the assumptions on which it concluded the valuation of the Group for the fiscal year 2007/08 are not modified in a way that would lead to an impairment test at 30 September 2008.

B. Intangible assets

(in € million)	At 31 March 2008	Acquisitions / disposals / amortisation	Translation adjustments and other changes	At 30 September 2008
Development costs (see Note 5)	744	70	-	814
Acquired technology	1,244	-	(1)	1,243
Other intangible assets	148	16	47	211
Gross value	**2,136**	**86**	**46**	**2,268**
Development costs (see Note 5)	(295)	(40)	-	(335)
Acquired technology (see Note 5)	(448)	(34)	-	(482)
Other intangible assets	(71)	(8)	(18)	(97)
Accumulated amortisation and impairment	**(814)**	**(82)**	**(18)**	**(914)**
Development costs	449	30	-	479
Acquired technology	796	(34)	(1)	761
Other intangible assets	77	8	29	114
Net value	**1,322**	**4**	**28**	**1,354**

Acquired technology mainly consists of the allocation of the cost of the acquisition of ABB Alstom POWER in 1999 and 2000. Technology and licensing agreements recognised at the date of acquisition of ABB Alstom Power are amortised on a straight-line basis over 20 years.

At 30 September 2008, the Group considers that the assumptions on which it concluded the valuation of the Group for the fiscal year 2007/08 are not modified in a way that would lead to an impairment at 30 September 2008.

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Note 11 – Property, plant and equipment

(in € million)	At 31 March 2008	Acquisitions/ depreciation/ impairments	Disposals	Translation adjustments and other changes	At 30 September 2008
Land	127	1	-	-	128
Buildings	1,114	16	(8)	30	1,152
Machinery and equipment	2,031	73	(44)	37	2,097
Constructions in progress	185	74	(1)	(8)	250
Tools, furniture, fixtures and other	452	21	(8)	(26)	439
Gross value	**3,909**	**185**	**(61)**	**33**	**4,066**
Land	(4)	-	-	-	(4)
Buildings	(533)	(24)	6	(13)	(564)
Machinery and equipment	(1,530)	(63)	40	(15)	(1,568)
Constructions in progress	-	-	-	-	-
Tools, furniture, fixtures and other	(341)	(18)	6	7	(346)
Accumulated depreciation and impairment	**(2,408)**	**(105)**	**52**	**(21)**	**(2,482)**
Land	123	1	-	-	124
Buildings	581	(8)	(2)	17	588
Machinery and equipment	501	10	(4)	22	529
Constructions in progress	185	74	(1)	(8)	250
Tools, furniture, fixtures and other	111	3	(2)	(19)	93
Net value	**1,501**	**80**	**(9)**	**12**	**1,584**

Note 12 – Other non-current assets

(in € million)	At 30 September 2008	At 31 March 2008
Financial non-current assets associated to financial debt (1)	538	546
Long-term loans, deposits and other (2)	74	89
Other non-current assets	**612**	**635**

(1) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator. They are made up as follows:
- At 30 September 2008, €513 million receivables and €25 million deposit,
- At 31 March 2008, €520 million receivables and €26 million deposit.

(2) Including, at 30 September 2008, €12 million prepaid pension and other long-term employee benefits.

Note 13 – Construction contracts in progress

(in € million)	At 30 September 2008	At 31 March 2008
Construction contracts in progress, assets	2,931	2,807
Construction contracts in progress, liabilities	(10,333)	(8,931)
Construction contracts in progress	**(7,402)**	**(6,124)**

(in € million)	At 30 September 2008	At 31 March 2008
Contract costs incurred *plus* recognised profits *less* recognised losses to date	42,993	39,681
Less progress billings	(46,408)	(42,504)
Construction contracts in progress before down payments received from customers	**(3,415)**	**(2,823)**
Down payments received from customers	(3,987)	(3,301)
Construction contracts in progress	**(7,402)**	**(6,124)**

Note 14 – Other current assets related to operating activities

(in € million)	At 30 September 2008	At 31 March 2008
Down payments made to suppliers	594	433
Corporate income tax	95	45
Other tax	507	404
Prepaid expenses	187	123
Other receivables	467	314
Derivatives relating to operating activities	261	414
Remeasurement of hedged firm commitments in foreign currency	274	309
Other current assets related to operating activities	**2,385**	**2,042**

Note 15 – Marketable securities and other current financial assets

(in € million)	At 30 September 2008	At 31 March 2008
Derivatives related to financing activities	8	7
Marketable securities	161	156
Held-to-maturity securities	-	7
Marketable securities and other current financial assets	**169**	**170**

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Note 16 – Working capital

Balance sheet position

(in € million)	At 30 September 2008	At 31 March 2008	Variation
Inventories	2,788	2,316	472
Construction contracts in progress, assets	2,931	2,807	124
Trade receivables	3,469	3,538	(69)
Other current assets related to operating activities	2,385	2,042	343
Assets	**11,573**	**10,703**	**870**
Non-current provisions	470	503	(33)
Current provisions	1,193	1,258	(65)
Contruction contracts in progress, liabilities	10,333	8,931	1,402
Trade payables	3,482	3,132	350
Other current liabilities	2,551	2,528	23
Liabilities	**18,029**	**16,352**	**1,677**
Net working capital	**(6,456)**	**(5,649)**	**(807)**

Analysis of variation of working capital

Net working capital at 31 March 2008	**(5,649)**
Changes in net working capital resulting from operating activities (*)	(736)
Changes in net working capital resulting from disposals of activities (**)	5
Translation adjustments and other changes	(76)
Total changes in net working capital	**(807)**
Net working capital at 30 September 2008	**(6,456)**

(*) Item presented within "Net cash provided by operating activities" in the consolidated statement of cash flows.

(**) Item presented within "net cash used in or provided by investing activities" in the consolidated statement of cash flows (included in cash proceeds from sale of investments).

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Note 17 – Equity

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Income and expense directly recognised in equity	Equity attributable to the equity holders of the parent	Minority interests	Total equity
At 31 March 2007	**138,617,201**	**1,940**	**366**	**85**	**(1,058)**	**1,333**	**42**	**1,375**
Movements in income and expense directly recognised in equity	-	-	-	(13)	18	5	(3)	2
Net income for the period	-	-	-	852	-	852	10	862
Total recognised income and expense	-	**-**	**-**	**839**	**18**	**857**	**7**	**864**
ORA	686,744	10	(7)	(5)	-	(2)	-	(2)
Change in scope and other	-	-	-	(4)	-	(4)	(8)	(12)
Dividends paid	-	-	-	(111)	-	(111)	(6)	(117)
Issue of ordinary shares under stock option plans	1,691,362	24	7	-	-	31	-	31
Recognition of equity settled share-based payments	606,820	8	61	37	-	106	-	106
At 31 March 2008	**141,602,127**	**1,982**	**427**	**841**	**(1,040)**	**2,210**	**35**	**2,245**
Movements in income and expense directly recognised in equity	-	-	-	-	(79)	(79)	-	(79)
Net income for the period	-	-	-	527	-	527	4	531
Total recognised income and expense	-	**-**	**-**	**527**	**(79)**	**448**	**4**	**452**
ORA	94,272	1	(1)	-	-	-	-	-
Change in scope and other	-	-	-	-	-	-	(4)	(4)
Dividends paid	-	-	-	(228)	-	(228)	(4)	(232)
Split of shares by two	142,163,766	-	-	-	-	-	-	-
Issue of ordinary shares under stock option plans	371,477	3	1	-	-	4	-	4
Recognition of equity settled share-based payments	462,792	7	(1)	6	-	12	-	12
At 30 September 2008	**284,694,434**	**1,993**	**426**	**1,146**	**(1,119)**	**2,446**	**31**	**2,477**

At 30 September 2008, the share capital of Alstom amounted to €1,992,861,038 consisting of 284,694,434 ordinary shares with par value of €7 each (on 7 July 2008, Alstom split the nominal value of Alstom shares by two). For the half-year ended 30 September 2008, the weighted average number of outstanding ordinary shares amounted to 285,282,688 and the weighted average number of ordinary and dilutive shares stood at 290,420,722.

During the half-year ended 30 September 2008, 1,553,944 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 94,272 shares at a par value of €7. The 33,452,488 bonds reimbursable with shares outstanding at 30 September 2008 represent 2,100,816 shares to be issued.

The Shareholders' Meeting of Alstom held on 24 June 2008 decided to distribute a dividend of a total amount of €228 million corresponding to a €1.60 dividend per share (before the two-for-one split stock split that took place on 7 July 2008).

Note 18 – Share-based payments

A. Valuation of stock options' plans

Share-based payment expense arising from stock options' plan amounts to €12 million for the half-year ended 30 September 2008 (€9 million for the half-year ended 30 September 2007 and €20 million for the year ended 31 March 2008).
The option valuation method follows a binomial mathematical model, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is an average of CAC 40 comparable companies' volatility at the grant date, which represents a value consistent with market practices and is considered more relevant given the significant volatility of the Group's share price over the last few years.

	Plan # 6	**Plan # 7**	**Plan # 8**	**Plan # 9**	**Plan # 10**
Grant date	7 Jan. 2003	17 Sept. 2004	27 Sept. 2005	28 Sept. 2006	25 Sept. 2007
End of vesting period	7 Jan. 2006	17 Sept. 2007	27 Sept. 2008	28 Sept. 2009	24 Sept. 2010
Expected life of options	4 years	4 years	4 years	4 years	4 years
Exercise price (€)	77.20	8.60	17.87	37.33	67.50
Share price at grant date (€)	75.48	8.80	18.40	36.05	73.42
Volatility	51%	51%	34%	22%	23%
Risk free interest rate	3.2%	3.0%	2.5%	3.5%	4.2%
Average dividend yield (%)	0%	0.67%	1.33%	1.0%	1.33%
Expense for the half-year ended 30 September 2008 (in € million)	-	-	2	4	6
Expense for the year ended 31 March 2008 (in € million)	-	3	5	7	5

Stock options plans are described in Note 23 to the consolidated financial statements for the year ended 31 March 2008.

B. Valuation of stock appreciation rights ("SARs") plans

Share-based payment expense arising from SARs' plans is nil for the half-year ended 30 September 2008 (expense of €15 million for the half-year ended 30 September 2007 and expense of €18 million for the year ended 31 March 2008). At 30 September 2008, liabilities related to these plans are recorded in the balance sheet for an amount of €20 million.

The value of SARs plans is measured at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted. The liability is accrued over the expected vesting period. Until the liability is settled, it is measured at each reporting date with changes in fair value recognised in profit and loss.

	SARs # 7	SARs # 8	Notional SARs (*)	SARs # 9	SARs # 10
Grant date	1 Dec. 2004	18 Nov. 2005	27 Sept. 2005	28 Sept. 2006	25 Sept. 2007
End of vesting period	17 Sept. 2007	27 Sept. 2008	27 Sept. 2008	28 Sept. 2009	24 Sept. 2010
Expected life of SARs	4 years	4 years	4 years	4 years	4 years
Exercise price (€)	8.60	22.45	17.87	36.05	73.42
Share price at 30 September 2008 (€)	52.89	52.89	(*)	52.89	52.89
Share price at 31 March 2008 (€)	68.66	68.66	(*)	68.66	68.66
Volatility	27%	27%	27%	27%	27%
Risk free interest rate	4.7%	4.4%	4.2%	3.9%	3.7%
Average dividend yield (%)	1.33%	1.33%	1.33%	1.33%	1.33%
Expense (income) for the half-year ended 30 September 2008 (in € million)	(2)	1	-	1	-
Expense for the year ended 31 March 2008 (in € million)	11	4	-	3	-

(*) SARs of the Notional plan have been granted at an exercise price of €17.87 and are capped to €22.45

SARs' plans are described in Note 23 to the consolidated financial statements for the year ended 31 March 2008.

C. Long term incentive

On 23 September 2008, the Board of Directors decided to implement a new long-term incentive plan ("LTI Plan") comprised of a new conditional stock option plan (Plan n°11) and of a free attribution of performance shares. The exercise of the conditional stock options and the final delivery of the free performance shares will be allowed after the vesting/acquisition period subject to Group's performance conditions described below. The conditional options are not exercisable during a three-year period. The acquisition period of the performance shares will end two years after the grant date in France (followed by a two-year retention period) and four years after the grant date in other countries.

The total number of options exercisable and of performance shares to be delivered will depend on the Group's operating margin for the financial year 2010/2011:

- if the 2010/11 Group's operating margin is equal or above 10.0%, 754,300 options will be exercisable and 445,655 performance shares will be delivered;
- if the 2010/11 Group's operating margin is between 9.5% (inclusive) and 10.0% (exclusive), 603,440 options will be exercisable and 356,524 performance shares will be delivered;
- if the 2010/11 Group's operating margin is between 9.0% (inclusive) and 9.5% (exclusive), 301,720 options will be exercisable and 178,262 performance shares will be delivered;
- if the 2010/11 Group's operating margin is below 9.0%, no option will be exercisable and no performance share will be delivered.

The exercise price of the new conditional stock options and of the performance shares amounts to €66.47.

Note 19 – Provisions

(in € million)	At 31 March 2008	Addition	Releases	Applied	Translation adjustments and other	At 30 September 2008
Warranties	478	116	(54)	(55)	9	494
Litigation and claims	780	119	(151)	(61)	12	699
Current provisions (1)	**1,258**	**235**	**(205)**	**(116)**	**21**	**1,193**
Tax risks and litigations	46	1	-	(5)	2	44
Restructuring (2)	156	11	(9)	(29)	-	129
Other non-current provisions (3)	301	42	(27)	(25)	6	297
Non-current provisions	**503**	**54**	**(36)**	**(59)**	**8**	**470**
Total provisions	**1,761**	**289**	**(241)**	**(175)**	**29**	**1,663**

(1) Current provisions relate to warranties, litigations and claims on completed contracts.

(2) Relates to the implementation of restructuring plans launched during previous fiscal years. These plans are mainly located in Europe.

(3) Other non-current provisions relate to guarantees delivered in connection with past disposals, employee litigations, commercial disputes and environmental obligations. Environmental provisions amount to €19 million at 30 September 2008 (€20 million at 31 March 2008).

Note 20 – Pension and other long-term employee benefits

The Group applies the option allowed by the amendment to IAS 19, under which all actuarial gains and losses under defined-benefit plans as well as the effect on any asset ceiling are recognised in the balance sheet against equity. Under this method, the Group reviews the relevant assumptions, in particular discount rates and the fair value of plan assets at each publication date.

As at 30 September 2008, the main assumptions used for the euro zone, Switzerland, the United Kingdom and the United States of America, were reviewed to take into account changes that occurred during the half-year ended 30 September 2008.

Change in benefit obligations

(in € million)	Half-year ended 30 September 2008	Year ended 31 March 2008
Benefit obligations at beginning of the period	**(4,110)**	**(4,770)**
Service cost	(33)	(69)
Plan participant contributions	(14)	(26)
Interest cost	(111)	(220)
Plan amendments	1	(25)
Business combinations / disposals	-	-
Curtailments	-	2
Settlements	-	57
Actuarial gains (losses) - due to experience	-	(52)
Actuarial gains (losses) - due to changes in assumptions	112	345
Benefits paid	121	228
Change in IAS 19 scope	-	12
Foreign currency translation	(68)	408
Benefit obligations at end of the period	**(4,102)**	**(4,110)**

Change in plan assets

(in € million)	Half-year ended 30 September 2008		Year ended 31 March 2008	
Fair value of plan assets at beginning of the period		**3,360**		**3,859**
Actual return on assets		(139)		(30)
Expected return on assets	*113*		*232*	
Actuarial gains (losses) - due to experience	*(252)*		*(262)*	
Company contributions		51		110
Plan participant contributions		14		26
Business combinations /disposals		-		-
Settlements		-		(51)
Benefits paid from plan assets		(93)		(171)
Change in IAS 19 scope		-		(12)
Foreign currency translation		51		(371)
Fair value of plan assets at end of the period		**3,244**		**3,360**

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

(in € million)	At 30 September 2008	At 31 March 2008
Funded status of the plans	**(858)**	**(750)**
Unrecognised past service gains	(11)	(11)
Impact of asset ceiling	(26)	(40)
(Accrued) prepaid benefit cost after asset ceiling	**(895)**	**(801)**
Of which:		
Accrued pension and other employee benefit costs	**(907)**	**(818)**
Prepaid pension and other employee benefit costs	**12**	**17**

Analysis of actuarial gains (losses)

Actuarial gains and losses and asset ceiling arising from post employment defined benefit plans have been directly recognised in equity as follows:

	Half year ended 30 September		Year ended 31 March
(in € million)	2008	2007	2008
Opening balance (net loss)	**(1,051)**	**(1,081)**	**(1,081)**
Actuarial gains (losses) generated during the period	(140)	161	26
Asset ceiling generated during the period	14	-	4
Closing balance (net loss)	**(1,177)**	**(920)**	**(1,051)**

Components of plan assets

(in € million)	At 30 September 2008	At 31 March 2008
Equities	35%	38%
Bonds	51%	48%
Properties and other	14%	14%
Total	**100%**	**100%**

Plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules, and decisions of pension fund trustees. At 30 September 2008, plan assets do not include any of the Group's capital stock.

Assumptions (weighted average rates)

(in %)	At 30 September 2008	At 31 March 2008
Discount rate	5.76	5.54
Rate of compensation increase	3.44	3.44
Expected return on plan assets	6.82	6.44

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

The expected return on plan assets has been determined according to the same method in all countries where there exist assets funding the pension liabilities: it is based on long-term market expectations taking into account the asset allocation of each fund.

Analysis of benefit expense

	Half-Year ended 30 September		Year ended 31 March
(in € million)	2008	2007	2008
Service cost	(33)	(38)	(69)
Multi-employer contributions and defined contributions	(71)	(58)	(121)
Income from operations	**(104)**	**(96)**	**(190)**
Actuarial gains/losses from other long-term benefits	-	-	2
Amortisation of unrecognised past service cost	-	2	(10)
Curtailments/settlements	1	-	3
Other income (expenses)	**1**	**2**	**(5)**
Interest cost	(111)	(114)	(220)
Expected return on plan assets	113	120	232
Financial income	**2**	**6**	**12**
Total benefit expense	**(101)**	**(88)**	**(183)**

Note 21 – Financial debt

A. Analysis by nature

(in € million)	At 30 September 2008	At 31 March 2008
Bonds reimbursable with shares (debt component)	1	1
Bonds (1)	444	828
Other borrowing facilities	215	202
Commitments related to put options and earn-out (2)	201	185
Derivatives relating to financing activities	10	19
Accrued interests	12	5
Borrowings	**883**	**1,240**
Non current	*538*	*664*
Current	*345*	*576*
Obligations under finance leases	163	167
Other obligations under long-term rental (3)	513	520
Obligations under finance leases	**676**	**687**
Non current	*626*	*644*
Current	*50*	*43*
Total financial debt	**1,559**	**1,927**

(1) The outstanding amounts and the nominal and effective interest rates of the bonds are as follows:

		Redemption date		
(Nominal value in € million)	**Total**	**28 July 2008**	**13 March 2009**	**3 March 2010**
Outstanding amount at 31 March 2008	**834**	**249**	**161**	**424**
Bonds bought back and cancelled	(138)	-	(11)	(127)
Bonds reimbursed at maturity date	(249)	(249)	-	-
Outstanding amount at 30 September 2008	**447**	**-**	**150**	**297**
Nominal interest rate		Euribor 3M+ 0.85%	Euribor 3M+ 2.20%	6.25%
Effective interest rate as of 30 September 2008		-	7,2%	7.2%
Effective interest rate as of 31 March 2008		5.2%	6.8%	7.2%

(2) At 30 September 2008, the €201 million liabilities include a €166 million put option granted in connection with the sale of 50 % Hydro activities to Bouygues on 31 October 2006 (€162 million at 31 March 2008).

(3) This debt represents liabilities related to lease obligations on trains and associated equipment.

B. Financial covenants

At 30 September 2008, a €1,000 million revolving credit facility maturing in March 2012 and extended for €942 million up to March 2013, with an option to further extend up to March 2014, is fully undrawn; this facility is subject to the following financial covenants, based on consolidated data:

Covenants	Minimum Interest Cover	Maximum total debt (€m)	Maximum Net debt leverage
	(a)	(b)	(c)
From September 2008 to September 2013	3	5,000	3.6

(a) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense, (excluding interest related to obligations under finance lease). This covenant does not apply since the Group has a net interest income (see Note 7).

(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant ceases to apply since the Group has an "Investment grade" rating.

(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA. The net debt leverage as at 30 September 2008 is (1.2), (0.7) at 31 March 2008.

C. Other information on financial debt

The nominal value of the financial debt is broken down between fixed rate and floating rate, as follows:

(in € million)	At 30 September 2008	At 31 March 2008
Financial debt at fixed rate	1,187	1,290
Financial debt at floating rate	176	461
Put options and earn-out on acquired entities	213	185
Financial debt	**1,576**	**1,936**

The split per currency is the following:

(in € million)	At 30 September 2008	At 31 March 2008
Euro	830	1,153
US Dollar	22	24
British Pound	512	541
Other currencies	212	218
Financial debt	**1,576**	**1,936**

Note 22 – Other current liabilities

(in € million)	At 30 September 2008	At 31 March 2008
Staff and associated costs	726	751
Corporate income tax	152	123
Other taxes	410	287
Derivatives relating to operating activities	270	222
Remeasurement of hedged firm commitments in foreign currency	317	512
Other payables	676	633
Other current liabilities	**2,551**	**2,528**

Note 23 – Off balance sheet commitments and lease obligations

A. Off balance sheet commitments

(in € million)	At 30 September 2008	At 31 March 2008
Guarantees related to contracts (1)	6,437	5,871
Guarantees related to vendor financing (2)	268	262
Commitments to purchase fixed assets	-	8
Other guarantees (3)	259	278
TOTAL	**6,964**	**6,419**

(1) Guarantees related to contracts

Banks and insurance companies bonds:
In accordance with industry practice, the above instruments can cover the negotiating period and the contract execution up to the end of the warranty period.

The guarantees are provided by banks or insurance companies by way of bank guarantees, stand-by letters of credit, surety bonds and usually for defined amounts and periods. They are issued in favour of the customer with whom the commercial contracts have been signed.

Projects for which the guarantees are given are regularly reviewed by management and should payments become probable pursuant to guarantees, the necessary accruals are made and recorded in the consolidated financial statements at that time.

(in € million)	At 30 September 2008	At 31 March 2008
Bid bonds	71	92
Performance bonds	5,350	4,905
Warranty/retention bonds	839	730
Other bank and insurance bonds	177	144
TOTAL	**6,437**	**5,871**

The above figures exclude:

- €4.9 billion at 30 September 2008 (€4.2 billion at 31 March 2008) of unconditional guarantees related to advance and progress payments, which payments have been included in the balance sheet in the line "Construction contracts in progress, assets or liabilities";
- €2.5 billion at 30 September 2008 (€2.3 billion at 31 March 2008) of surety and conditional bonds where the likelihood of the commitments becoming obligations is considered to be remote.

The bonding guarantees relating to contracts, issued by banks or surety companies, amount to €13.9 billion at 30 September 2008 (€12.4 billion at 31 March 2008).

Parent company guarantees:

In the context of the Share Purchase and Settlement Agreement signed with ABB Ltd in March 2000, pursuant to which the Group purchased ABB's 50% share in the joint venture ABB Alstom POWER, the Group agreed to indemnify ABB with respect to parent company guarantees that it had previously issued with respect to certain power contracts, the total outstanding amount of such ABB guarantees being €0.9 billion at 30 September 2008 (€1.2 billion at 31 March 2008). These parent company guarantees are not included in the above figures as they are related to liabilities already included in the consolidated accounts. In the same manner, guarantees given by parent or Group companies relating to liabilities included in the consolidated accounts are excluded.

Bonding lines and syndicated bonding facility

The Group has in place both a global €8 billion Bonding Programme allowing issuance of new instruments up to July 2010 and local bilateral lines in numerous countries. All these lines are now fully unsecured.

The issuance of new bonds under the bonding facility mentioned above is subject to the financial covenants disclosed in Note 21-B.

At 30 September 2008, the outstanding amount of guarantees remaining from shares or assets disposals still managed by the Group is €23 million (€26 million at 31 March 2008).

(2) Vendor financing

Several years ago, the Group provided some financial support, referred to as vendor financing, to financial institutions financing certain purchasers of transport equipments. The off balance sheet commitments in relation with "vendor financing" amount to €268 million at 30 September 2008 and are detailed as follows:

(in € million)	**At 30 September 2008**	**At 31 March 2008**
European metro operator (1)	224	222
US train operator (2)	44	40
Total vendor financing commitments	**268**	**262**

(1) guarantees totalling £177 million (€224 million at 30 September 2008 and €222 million at 31 March 2008) given as part of a leasing scheme involving London Underground Limited (Northern Line). Guarantees provided include the requirement to deposit funds in escrow in the event of non-respect of certain covenants. Off-balance sheet figures correspond to the total guarantees and commitments, net of related deposits which are shown as assets on the balance sheet.
Were London Underground Limited to decide not to extend the contract beyond 2017, and to hand the trains back, the Group has guaranteed to the lessors that the value of the trains and associated equipment, net of the £15 million non extension payment due by London Underground, should not be less than £177 million in 2017. The £177 million is included in the €513 million amount of "Other obligations under long-term rental" (see Note 21-A (3)).

(2) Guarantees totalling $63 million (€44 million at 30 September 2008 and €40 million at 31 March 2008).

(3) Other guarantees

Other guarantees include off-balance sheet commitments relating to obligations such as VAT payments, rentals, customs duties and insurance deductibles. These are materialised by independent undertakings but mainly support existing liabilities included in the consolidated accounts.

B. Lease obligations

		Maturity		
(in € million)	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Long term rental *(1)*	513	22	112	379
Capital leases	199	34	78	87
Operating leases	229	36	113	80
Total at 30 September 2008	**941**	**92**	**303**	**546**
Long term rental *(1)*	520	20	117	383
Capital leases	206	30	86	90
Operating leases	217	19	124	74
Total at 31 March 2008	**943**	**69**	**327**	**547**

(1) Assets related to leases of trains and associated equipment to London Underground Limited (see Note 21-A).

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Note 24 – Contingencies

- Litigation

The Group is engaged in several legal proceedings, mostly contract related disputes that have arisen in the ordinary course of business. Contract related disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates, particularly for large, long-term projects. In some cases, the amounts claimed against the Group, sometimes jointly with its consortium partners, in these proceedings and disputes are significant, ranging up to €316 million in one particular dispute in India.

Some proceedings against the Group are without a specified amount. Amounts retained in respect of litigation are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

- Asbestos

The Group is subject to regulations in many countries in which it operates, regarding the control and removal of asbestos–containing material and identification of potential exposure of employees to asbestos. It has been the Group's policy for many years to abandon definitively the use of products containing asbestos by all of its operating units worldwide and to promote the application of this principle to all of its suppliers, including in those countries where the use of asbestos is permitted. In the past, however, the Group used and sold some products containing asbestos, particularly in France in its former Marine Sector sold on 31 May 2006 and to a lesser extent in its other Sectors. The Group is subject to asbestos-related legal proceedings or claims including in France, the United States and the United Kingdom.

Some of the Group's subsidiaries are the subject in France of judicial civil proceedings instituted by certain employees or former employees with the aim of obtaining a court decision holding these subsidiaries liable for an inexcusable fault (faute inexcusable) which would allow them to obtain a supplementary compensation above the payments made by the French Social Security funds of related medical costs. Although the courts of competent jurisdiction have made findings of inexcusable fault, the damages in most of these proceedings have been borne to date by the general French Social Security (medical) funds.

As for criminal law, in March 2008, the Court of Appeal of Douai confirmed the decision from the criminal court of first instance pursuant to which one of the Group's French subsidiaries was fined €75,000 for breach of the law protecting employees against asbestos dust.

The Group believes that the cases where it may be required to bear the financial consequences of such civil or criminal proceedings do not represent a material exposure and therefore no provisions have been recorded.

Certain subsidiaries of the Group were subject in the United States to various asbestos-related personal injury lawsuits alleged to involve products manufactured by Combustion Engineering, Inc. ("CE"), a US subsidiary of ABB Ltd ("ABB"), or CE's former subsidiaries and to two putative class action lawsuits asserting fraudulent conveyance claims against various Alstom and ABB entities in relation to CE. CE filed a plan of reorganisation in the United States Bankruptcy Court that was modified and became effective on 21 April 2006. Alstom believes that under the terms of the CE plan of reorganisation, it is protected against pending and future personal injury asbestos claims, or fraudulent conveyance claims, arising out of the past operations of CE.

In addition, as of 30th September 2008, the Group was also subject to approximately 6 other asbestos-related personal injury lawsuits in the United States involving approximately 461 claimants that, in whole or in part, assert claims against Alstom which are not related to the Power Generation Business purchased from ABB or as to which the complaint does not provide details sufficient to permit a determination to be made regarding the applicability of the ABB indemnity. Many of these lawsuits are in the preliminary stages of the litigation process and they each involve multiple defendants. The allegations in these lawsuits are often very general and therefore difficult to evaluate at preliminary stages in the litigation process. In those cases where Alstom's defence has not been assumed by a third party and meaningful evaluation is practicable, the Group believes that it has valid defences and, with respect to a number of lawsuits, the Group is asserting rights to indemnification against a third party. For purposes of the foregoing discussion, the Group considers a claim to no longer be pending against it if the plaintiff's attorneys have executed a notice or stipulation of dismissal or non-suit, or other similar document.

While the outcome of the existing asbestos-related cases described above is not predictable, the Group believes that those cases will not have any material adverse effect on its financial condition. It can give no assurance, however, that asbestos-related cases against it will not grow in number or that those it has at present, or may face in the future, may not have a material adverse impact on its financial condition.

- Product liability

The Group designs, manufactures, and sells several products of large individual value that are used in major infrastructure projects. In this environment, product-related defects have the potential to create liabilities that could be material. If potential product defects become known, a technical assessment occurs whereby products of the affected type are quantified and studied. If the results of the study indicate that a product liability exists, provisions are recorded. The Group believes that it has made adequate provisions to cover currently known product-related liabilities, and regularly revises its estimates using currently available information. Neither the Group nor any of its businesses are aware of product-related liabilities which are expected to exceed the amounts already recognised and the Group believes it has provided sufficient amounts to satisfy its litigation, environmental and product liability obligations to the extent they can be estimated.

- SEC investigation

Alstom and certain of its subsidiaries and certain former officers and employees were formerly concerned by an investigation of alleged US securities law violations.

On 30 June 2003, the Group announced that it was conducting an internal review, assisted by external lawyers and accountants, following receipt of anonymous letters alleging accounting improprieties on a railcar contract being executed at the New York facility of Alstom Transportation Inc. ("ATI"), one of its U.S. subsidiaries. The United States Securities and Exchange Commission ("SEC") and the United States Federal Bureau of Investigation ("FBI") began informal inquiries and in August 2003, the SEC issued a formal order of investigation in connection with its earlier review.

The Group fully cooperated with the SEC and the FBI in this matter. In 2008 the SEC notified the individuals that it had dropped its investigation and the matter is now closed.

- United States Putative Class Action Lawsuit

The Group, certain of its subsidiaries and certain of its current and former Officers and Directors were named as defendants in a number of putative shareholder class action lawsuits filed on behalf of various alleged purchasers of American Depositary Receipts and other Alstom securities between 3 August 1999 and 6 August 2003. These lawsuits which have been consolidated in one complaint filed on 18 June 2004, alleged violations of United States federal securities laws arising from alleged untrue statements of material facts, and/or omissions to state material facts necessary to make the statements made not misleading in various Alstom public communications regarding its business, operations and prospects (in the areas of the performance of its GT24/26 turbines, certain vendor financing arrangements for the former Marine Sector's customers, and its US Transport business, including but not limited to the matter described above), causing the allegedly affected shareholders to purchase Alstom securities at purportedly inflated prices.

On 22 December 2005, the United States Federal District Court dismissed large portions of the consolidated complaint, including all claims relating to its GT24/26 turbines, all claims against the Group's current Officers and Directors and all claims brought by non U.S. investors who purchased Alstom securities on non-U.S. stock exchanges except for those relating to its US Transport business. On 11 June 2007, the plaintiffs filed a motion for class certification which includes in addition to US persons all Canadian, French, English and Dutch persons who may have purchased Alstom's shares outside the United States. The Group filed a response to the motion contesting including the non-US persons in the class and the Court decided on 28 August 2008 to remove from the class, as to all defendants, the French shareholders and has declined the inclusion in the class of English and Dutch shareholders as to Alstom. This decision which reduces the potential damages associated with this action is final as the plaintiffs did not filed a petition for appeal. The discovery phase of the case is continuing.

The Group's Management has spent and may in the future be required to spend considerable time and effort dealing with these matters. While the Group intends to continue to vigorously defend the putative class action lawsuit, the Group cannot ensure that there will be no adverse outcome that could have a material adverse effect on its business, results of operations and financial condition.

- Environmental, health and safety

The Group is subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards on the Group regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental contamination. These standards expose the Group to the risk of substantial environmental costs and liabilities, including in relation with divested assets and past activities. In most of the jurisdictions in which the Group operates, its industrial activities are subject to obtaining permits, licences and/or authorisations, or to prior notification. The Group's facilities must comply with these permits, licences or authorisations and are subject to regular administrative inspections.

The Group invests significant amounts to ensure that it conducts its activities in order to reduce the risks of impacting the environment and regularly incurs capital expenditure in connection with environmental compliance requirements. Although the Group is involved in the remediation of contamination of certain properties and other sites, it believes that its facilities are in compliance with their operating permits and that its operations are generally in compliance with environmental laws and regulations.
The Group has put in place a global policy covering the management of environmental, health and safety risks.

The procedures for ensuring compliance with environmental, health and safety regulations are decentralised and monitored at each plant. The costs linked to environmental health and safety issues are budgeted at plant or unit level and included in the consolidated income statement.

The outcome of environmental, health and safety matters cannot be predicted with certainty. There can be no assurance that the Group will not incur any environmental, health and safety liabilities in the future and the Group cannot guarantee that the amount that it has budgeted or provided for remediation and capital expenditure for environmental or health and safety related projects will be sufficient to cover the intended loss or expenditure. In addition, the discovery of new conditions and facts or future changes in environmental laws, regulations or case law may result in increased liabilities that could have a material adverse effect on its financial condition or results of operations.

- Claims relating to disposals

From time to time the Group disposes of certain businesses or business segments. As it is usual, certain acquirers make claims against the Group as a result of price adjustment mechanisms and warranties generally foreseen in the sale agreements.
As of 31 March 2008, the Group has received claims in connection with the disposals of certain of its activities which mainly concern its former T&D Sector including with respect to investigation by a number of national competition authorities notably the European Commission, of alleged anti-competitive arrangements among suppliers in certain T&D activities which are mentioned below.

- Alleged violation of laws

Although the markets of the Group are frequently fiercely competitive, there are at times allegations of anti-competitive activity due to the relatively small number of participants. In April 2006, the European Commission commenced proceedings against Alstom, along with a number of other companies, based on allegations of anti-competitive practices in the sale of gas-insulated switchgears ("GIS" equipments), a product of its former T&D business, following investigations that began in 2004. On 24 January 2007, the European Commission has levied a fine of €65 million against Alstom which includes €53 million on a joint and several basis with Areva T&D SA. Alstom has requested the cancellation of this decision before the European Court of first instance. A number of competition authorities of non European countries have also launched investigations in relation to GIS equipments. In addition the Group is subject to a class-action lawsuit in Israel in relation to GIS equipments, along with 12 other companies. Following a recourse from the Group contesting the validity of this procedure as well as the legal basis of the claim, the Court has declined jurisdiction.

The Group conducts a significant proportion of its business with governmental agencies and public-sector entities. The Group actively strives to ensure compliance with all laws and regulations in particular those relating to competition and illegal payments and has established internal compliance programmes to control the risk of such illegal activities and appropriately address any problems that may arise. However, a small number of current and former employees and agents of the Group have been or are currently being investigated with respect to alleged illegal payments in various countries. In particular, investigations by Swiss and French authorities are ongoing in connection with alleged cases of corruption. Certain of these procedures may result in fines and the exclusion of its subsidiaries from public tenders in the relevant country for a defined period.

The Group considers that there are no matters outstanding and unprovided that are capable of estimation that are likely to have a material adverse impact on the consolidated financial statements.

Note 25 – Subsequent event

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

Report of independent auditors on the half-year financial information 2008

ALSTOM

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Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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

Alstom
Period from 1st April to 30 September 2008

Statutory auditors' review report on the first half-yearly financial information for 2008

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with articles L. 232-7 of French company law (Code de commerce) and L. 451-1-2 III of French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Alstom, for the period from 1st April to 30 September 2008, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatement. Accordingly, we do not express an audit opinion.

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

Without qualifying the conclusion expressed above, we draw your attention to note 2.A to the condensed half-yearly consolidated financial statements which sets out the change in accounting method following the application of the interpretation IFRIC 14 of "IAS 19 – the limited on a defined benefit asset, minimum funding requirements and their interaction". This application has no impact on the condensed half-yearly consolidated financial statements.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine, 6 November 2008

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

Dominique Descours

ERNST & YOUNG et Autres

Gilles Puissochet

Responsibility statement of the person responsible for the 2008 half-year financial report

ALSTOM

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2008 HALF-YEAR FINANCIAL REPORT*

I hereby state that, to my knowledge, the condensed interim consolidated financial statements of ALSTOM (the "Company") for the half-year of fiscal year 2008/09, are prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and of all enterprises included in the consolidation perimeter, and that the interim management report included on page 3 presents a true and fair review of the main events which occurred in the first six months of the fiscal year and their impact on the interim accounts, as well as the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Levallois-Perret, 6 November 2008

The Chairman and Chief Executive Officer

Patrick Kron

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