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

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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

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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

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

€ for 1 monetary unit	At 30 September 2008		At 30 September 2007		At 31 March 2008	
	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

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.

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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.

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.

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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	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	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	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.

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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

	Half-Year ended 30 September		Year ended 31 March
(in € million)	**2008**	**2007**	**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

	Half-Year ended 30 September				Year ended 31 March	
(in € million)	**2008**	%	**2007**	%	**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		Year ended 31 March
	2008	2007	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		Year ended 31 March
	2008	2007 (1)	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		Year ended 31 March
	2008	2007 (1)	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.

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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.

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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.

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.

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	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.

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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.

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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)**

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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.

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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

(in € million)	Total	Maturity		
		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).

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.