THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your ordinary shares in Invensys plc ("Invensys") you should deliver this document (together with the accompanying Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

INVENSYS PLC

(Incorporated and registered in England and Wales under the Companies Acts 1908 to 1917 with number 0166023)

Notice of General Meeting in connection with proposals for a Capital Reduction and cancellation of certain reserves

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Notice of a General Meeting of Invensys to be held at The Grosvenor, 101 Buckingham Palace Road, London, SW1W 0SJ at 11.00 a.m. on Wednesday 26 November 2008 is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to be received by Equiniti by hand or by post at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6GT, as soon as possible and in any event not later than 11.00 a.m on Monday 24 November 2008.

A Form of Proxy can also be completed via the internet. On the enclosed Form of Proxy there is a Voting ID, Task ID and Shareholder Reference Number which, together, make up a 25-character reference. This number is unique to each Shareholder. To complete and lodge a Form of Proxy online you should log onto www.sharevote.co.uk and complete a proxy online as soon as possible and in any event not later than 11.00 a.m. on Monday 24 November 2008.

Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for General Meeting	**11.00 a.m. on 24 November 2008**
General Meeting	**11.00 a.m. on 26 November 2008**
Date for the Court hearing of the application to confirm the Capital Reduction	**21 January 2009**
Date on which the Capital Reduction is expected to become effective	**22 January 2009**

References in this document to time are to UK time. Please note that all dates after 26 November 2008 are estimates and dependent upon the Court timetable.

DEFINITIONS

In this document, the following expressions have the following meanings unless the context otherwise requires:

"B Shares"	B shares in the capital of the Company to be created by the Bonus Issue, where the nominal value of such B shares is equal to the sum that is obtained by dividing the number of B shares to be issued into £927,418,729.21
"Bonus Issue"	the bonus issue of 1 B Share for every 1 Ordinary Share held by each Shareholder as described in this document
"Capital Reduction"	the proposed cancellation of the share premium account and capital redemption reserve of the Company and the proposed cancellation of the B Shares, as more particularly described in this document
"Companies Acts"	has the meaning given in section 2 of the Companies Act 2006
"Company" or "Invensys"	Invensys plc, a company incorporated in England and Wales with number 0166023 whose registered office is Portland House, Bressenden Place, London SW1E 5BF
"Court"	the High Court of Justice in England and Wales
"Directors" or the "Board"	the board of directors of Invensys
"Form of Proxy"	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
"General Meeting"	the general meeting of the Company convened for 11.00 a.m. on Wednesday 26 November 2008, or any adjournment thereof
"London Stock Exchange"	London Stock Exchange plc
"Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company
"Regulatory Information Service"	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website
"Resolution"	the resolution to be proposed at the General Meeting and as set out in the notice of General Meeting at the end of this document
"Shareholders"	holders of Ordinary Shares

LETTER FROM THE CHAIRMAN

INVENSYS PLC

(Incorporated and registered in England and Wales under the Companies Acts 1908 to 1917 with number 0166023)

Directors:	*Registered office:*
Martin Jay (Non-executive Chairman)	Portland House
Ulf Henriksson (Chief Executive Officer)	Bressenden Place
Steve Hare (Chief Financial Officer)	London
Bay Green (Non-executive Director)	SW1E 5BF
Jean-Claude Guez (Non-executive Director)	
Michael Parker (Senior Independent Director)	
Pat Zito (Non-executive Director)	

7 November 2008

Dear Shareholder

Proposal in relation to the possible resumption of dividend payments

1. Introduction

As we announced in May this year, your Board has been putting in place the necessary arrangements so as to enable the Board, in suitable circumstances, to recommend the payment of a dividend.

The culmination of such arrangements are the proposals set out in this document. Your approval is being sought to the various elements of the proposals at a General Meeting convened to take place on Wednesday 26 November 2008, notice of which is set out at the end of this document.

On Thursday 6 November 2008 the Company announced its interim results for the 6 months ended 30 September 2008. The full text of these results is included as Annex I.

2. Background to and reasons for the Capital Reduction

The Company currently has negative distributable reserves, and is therefore prohibited under the Companies Acts from making distributions to its Shareholders, including the payment of dividends. In order to facilitate any future payments of dividends, the Board is therefore proposing that the Company create distributable reserves by means of the proposals set out below.

The proposals envisage the creation of distributable reserves for the Company by cancelling certain balances standing to the credit of the share premium account, cancelling the capital redemption reserve and cancelling the newly created share capital arising from the capitalisation of the merger reserve. The realised profits so created would be applied in eliminating the accumulated deficit on the Company's profit and loss account. As a result of these capital reductions, future profits of the Company earned after the date that the Capital Reductions are filed at Companies House would then be available for the Directors to use for the purposes of paying future dividends, if appropriate.

The proposals are conditional upon the passing of the Resolution set out in the notice of General Meeting and Court approval. If the Resolution is not passed and/or the Court confirmation is not obtained, it will not be possible for the Company to make dividend payments for the foreseeable future.

Further details of the proposals are set out below.

3. Capital Reduction

The Company may only make a distribution to shareholders from distributable reserves. In the audited report and accounts of the Company for the year ended 31 March 2008, the Company had an accumulated profit on its profit and loss account of £73 million. However, as at 31 March 2008 the Directors considered that £1,373 million of the profit and loss account to be non-distributable, as it arises from the profit on transfer of Group companies to other Group companies where there was no qualifying consideration. Hence, although showing notional positive distributable reserves, in reality there is a sizeable deficit that needs to be eliminated before any dividend can be paid.

The Board presents the unaudited balance sheet as at 30 September 2008 to show the half year trading position and reversal of group relief now determined to be unrealised. This is set out, together with the 31 March 2008 balance sheet, in Annex II. The Company balance sheet shows an accumulated deficit on the profit and loss account of £1,742 million as at 30 September 2008.

In order to eliminate this deficit it is proposed to take the following steps:

(1) to capitalise the amount standing to the credit of the merger reserve in the sum of £927,418,729.21 by way of a bonus issue of newly created B Shares;

(2) to cancel the newly created B Shares;

(3) to cancel the amount standing to the credit of the capital redemption reserve of the Company in the sum of £922,924,274.53; and

(4) to cancel a portion of the balance standing to the credit of the share premium account in the sum of £392,000,000.00.

These cancellations, if approved by the Court, will create realised profits which would first be applied in eliminating the accumulated deficit on the Company's profit and loss account. The balance remaining after the elimination of the deficit (being approximately £500 million) will be transferred to a special reserve which will remain pending the protection or consent of creditors (or contingent creditors) of the Company in existence at the date of the Capital Reduction.

Whilst the special reserve remains, any dividends paid by the Company must be paid out of profits of the Company earned post the date of the Capital Reduction. The special reserve can also be eliminated if the relevant creditors (and contingent creditors) are protected through other means (such as bank guarantees or blocked accounts). Subsequent losses of the Company can reduce the reserve (such losses being applied to this reserve rather than to the profit and loss account).

The proposals require the approval of Shareholders and, under the Companies Acts, the subsequent confirmation of the Court. The Company will not be in a position to complete the proposals until confirmation from the Court has been obtained and the Court's order has been registered at Companies House. If the Resolution is passed by Shareholders, it is proposed to commence the proceedings to obtain the confirmation of the Court as soon as possible. It is anticipated that the final hearing at which the Court will confirm the proposals will take place on Wednesday 21 January 2009.

Following the implementation of the proposals, there will be no change in the number of Ordinary Shares in issue.

The Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. Its principal effect will be to create distributable reserves to facilitate any future return of value to Shareholders.

4. Bonus issue and rights of B Shares

It is proposed to capitalise the sum of £927,418,729.21 standing to the credit of the Company's merger reserve by applying that sum in paying up in full new B Shares and on the day prior to the day of the Court Hearing, allotting and issuing such shares by way of a bonus issue to the persons at that point holding Ordinary Shares on the basis of 1 B Share for every 1 Ordinary Share held.

The B Shares will not be admitted to trading on the London Stock Exchange or any other market. No share certificates will be issued in respect of the B Shares. The B Shares will have extremely limited rights. In particular, the B Shares will carry no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding up. The B Shares will be transferrable, but no market will exist in them and it is anticipated that the Court will confirm their cancellation the day after they are issued.

The capitalisation of the merger reserve is needed as an additional step since the Court only has statutory power to reduce capital, share premium account and capital redemption reserve. Hence, in order to utilise the merger reserve in the Capital Reduction it is necessary to convert that reserve into share capital (new B Shares) and thereafter to cancel them.

5. General Meeting

To implement the proposals, the approval of Shareholders is required and, accordingly, there is set out at the end of this document a notice convening a General Meeting of the Company to be held at The Grosvenor, 101 Buckingham Palace Road, London, SW1W 0SJ at 11.00 a.m. on Wednesday 26 November 2008. The following Resolution, which is a special resolution, will be proposed at the General Meeting, namely:

(a) to increase the authorised share capital of the Company by the creation of the B Shares; capitalise the merger reserve; allot B Shares by way of the Bonus Issue; and reduce the Company's share capital by cancelling the B Shares;

(b) to cancel a portion of the share premium account;

(c) to cancel the capital redemption reserve; and

(d) to amend the Memorandum of Association of the Company accordingly.

Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it as soon as possible, and in any event so as to be received by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 11.00 a.m. on Monday 24 November 2008.

Completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person if you so wish.

6. Taxation

The following comments are intended as a general guide only and relate only to certain UK tax consequences of receiving the B Shares under the Bonus Issue. The comments are based on current legislation and HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect. These comments deal only with Shareholders who are resident and, if they are individuals, ordinarily resident for taxation purposes in the UK, who are the absolute beneficial owners of Ordinary Shares and who hold them as an investment and not on trading account. They do not deal with the position of certain classes of Shareholders, such as dealers in securities, insurance companies, collective investment schemes or persons regarded as having obtained their Ordinary Shares by reason of employment.

Bonus Issue and Capital Reduction

The Bonus Issue should be treated as a "reorganisation" for the purposes of UK taxation of chargeable gains ("CGT"), so that a Shareholder should not be treated as making a disposal or part disposal of his Ordinary Shares for CGT purposes upon receipt of the B Shares. Instead, the B Shares will be treated as the same asset, acquired at the same time, as his Ordinary Shares.

On the basis that the B Shares will be treated as being paid up for "new consideration" received by the Company, the issue of the B Shares should not give rise to any liability to United Kingdom income tax (or corporation tax) in a Shareholder's hands.

Due to the fact the B Shares:

(a) have no voting rights or rights to income;

(b) have no market; and

(c) at the time issued it is known that the B Shares will be cancelled for no payment,

the market value of the B Shares is considered to be nil for the duration of their existence. The CGT base cost of the B Shares and Ordinary Shares should be calculated by apportioning the base costs of the Ordinary Shares between the B Shares and the Ordinary Shares based on their respective market values. Consequently the issue of the B Shares should not impact the base cost of the Ordinary Shares and there should be no tax charge (nor any allowable loss) on the cancellation of the B Shares.

Stamp Duty and SDRT

No stamp duty or SDRT will be payable on the issue of the B Shares.

This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Shareholder. Any Shareholder who has any doubt about his own taxation position, whether regarding CGT or otherwise, or who is subject to taxation in any jurisdiction other than the UK should consult his professional taxation adviser immediately.

7. Non United Kingdom Shareholders

Shareholders who are not resident in the UK or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Bonus Issue and/or Capital Reduction will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the UK or a citizen, resident or national of another country to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Bonus Issue and Capital Reduction, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the issue or cancellation of B Shares constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

8. Indirect Investors

Following the implementation of Part 9 of the 2006 Act, there are a number of rights that may now be available to indirect investors of Invensys plc, including the right to be nominated by the registered holder to receive general shareholder communications direct from the Company. These rights do not include the right to appoint a proxy. However, nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

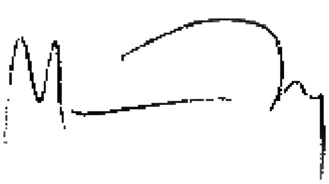
If you have been so nominated to receive general shareholder communications direct from the Company, it is important to remember that your main contact in terms of your investment remains with the registered shareholder or custodian or broker, or whoever administers the investment on your behalf.

9. Recommendation

The Board considers that the Capital Reduction will promote the success of the Company for the Shareholders as a whole.

Accordingly the Board unanimously recommends Shareholders to vote in favour of the Resolution, as they intend to do in respect of their own shareholdings.

Yours faithfully



Martin Jay
Non-executive Chairman

INVENSYS PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Invensys plc will be held at The Grosvenor, 101 Buckingham Palace Road, London, SW1W 0SJ at 11.00 a.m. on Wednesday 26 November 2008 for the purpose of considering and, if thought fit, passing the following resolution (the "Resolution"), which will be proposed as a special resolution, namely:

SPECIAL RESOLUTION

1. Subject to the confirmation of the High Court of Justice in England and Wales,

   THAT:

   (a) £927,418,729.21 of the amount standing to the credit of the merger reserve shall be capitalised and applied in paying up in full at par such number of new B Shares equal to the number of Ordinary Shares in existence on the date of issue of such B Shares (the "B Shares") and the authorised share capital be increased by the creation of such number of new B Shares (of a nominal value equal to the sum that is obtained by dividing the number of B Shares to be issued as set out above into £927,418,729.21) as shall be required to effect such capitalisation, and the Directors be and they are hereby authorised for the purposes of section 80 of the Companies Act 1985 to allot and issue all the B Shares thereby created to such member of the Company including one of their number as they shall in their absolute discretion determine upon terms that they are paid up in full by such capitalisation, and such authority shall for the purposes of section 80 of the Companies Act 1985 expire on 31 December 2009;

   (b) the B Shares created and issued pursuant to (a) above shall have the following rights and restrictions:

      (i) the holders of B Shares shall have no right to receive any dividend or other distribution whether of capital or income;

      (ii) the holders of B Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company;

      (iii) the holders of B Shares shall on a return of capital in a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each Ordinary Share shall have received the amount paid up or credited as paid up on such a share and the holders of B Shares shall not be entitled to any further participation in the assets or profits of the Company;

      (iv) a reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the B Shares and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holders of B Shares to reduce its capital (in accordance with the Companies Act 2006);

      (v) the Company shall have irrevocable authority at any time after the creation or issue of the B Shares to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same without making any payment to the holders thereof to such person or persons as the Company may determine and, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006 (to the extent in force) (the "Acts"), to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof and pending such a transfer and/or purchase and/or cancellation to retain the certificates, if any, in respect thereof, provided also that the Company may in accordance with the provisions of the Acts purchase all but not some only of the B Shares then in issue at a price not exceeding lp for all the B Shares; and

   (c) the B Shares created and issued pursuant to (a) above shall be cancelled and extinguished;

(d) £392,000,000.00 of the account standing to the credit of the Company's share premium account be and is hereby cancelled;

(e) £922,924,274.53 of the account standing to the credit of the Company's capital redemption reserve be and is hereby cancelled; and

(f) conditional upon the reductions of capital referred to in (c), (d) and (e) above taking effect, the Memorandum of Association contained in the document produced to the meeting and for the purposes of identification initialled by the Company Secretary be hereby adopted as the Memorandum of Association of the Company in substitution for and to the exclusion of the existing Memorandum of Association of the Company.

By Order of the Board
VM Hull
General Counsel & Company Secretary
7 November 2008

Registered office:
Portland House
Bressenden Place
London SW1E 5BF

NOTES:

1 Any shareholder of the Company entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote instead of him or her provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. A proxy need not be a member of the Company. Appointing a proxy will not prevent a shareholder from attending in person and voting at the General Meeting. If a share is held by joint shareholders and more than one of the joint shareholders votes (including by way of proxy), the only vote that will count is the vote of the person whose name is listed before the other voters on the Register of Members. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.

2 To be effective, a Form of Proxy, together with the power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof, must be deposited with the Company's registrars not later than 11.00 a.m. on Monday 24 November 2008. Completion of a Form of Proxy will not preclude a member from attending and voting at the General Meeting in person.

3 A Form of Proxy can also be completed via the internet. On the enclosed Form of Proxy there is a printed Voting ID, Task ID and Shareholder Reference Number which, together, make up a unique 25-character reference. This number is unique to each member. To complete and lodge a Form of Proxy, a member can either complete the Form of Proxy and return it in the enclosed prepaid envelope or log onto www.sharevote.co.uk and complete a proxy online.

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on Wednesday 26 November 2008 at 11.00 a.m. and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA19) by 11.00 a.m. on Monday 24 November 2008, or, if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the proxy through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Register of Members as at 6.00 p.m. on Monday 24 November 2008 (or if the General Meeting is adjourned, 6.00 p.m. two days before the time fixed for the adjourned General Meeting) shall be entitled to attend and/or vote at the General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to entries on the Register of Members after such time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.

6 The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this Notice until the General Meeting and will be available at the General Meeting from 10.45 a.m. until the conclusion of the meeting:

(a) the existing Memorandum of Association of the Company; and

(b) the Memorandum of Association of the Company as proposed to be amended.

7 In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place so that (a) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all other corporate representatives for that member at the General Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions, and (b) if more than one corporate representative for the same corporate member attends the General Meeting but the corporate member has not appointed the Chairman of the General Meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (**www.icsa.org.uk**) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (a) above.

8 As at 6.00 p.m. on 5 November 2008 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 800,919,686 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 November 2008 are 800,919,686.

9 Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him or her and the shareholder by whom he or she was nominated, to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.

Shareholders with disabilities

The venue is wheelchair accessible. If you have any special access or other needs please contact us on telephone +44(0)20 7834 3848, facsimile +44(0)20 7834 3879 or email company.secretary@Invensys.com and we will be pleased to provide appropriate help.

Annex I

Invensys plc
Portland House
Bressenden Place
London, SW1E 5BF
UK

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F +44 (0) 20 7834 3879
www.invensys.com

NEWS RELEASE
6 November 2008

RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2008

A strong foundation provides opportunities to capture more value

Highlights

- Strengthened financial position (£178 million of net cash and a new five year £400 million banking facility) and core customer relationships provide opportunities to capture more value
- Reported orders rose 16% (8% at CER) to £1,156 million (H1 2007/08: £995 million) driven by strong performances by Process Systems (up 10% at CER) and Rail Group (up 44% at CER)
- Reported operating profit[5] rose 12% (4% at CER) to £120 million (H1 2007/08: £107 million)
- Underlying basic earnings per share[2] rose 37% to 9.2 pence (H1 2007/08: 6.7 pence)
- Free cash flow was £177 million (H1 2007/08: £11 million), with operating cash flow[5] of £135 million (H1 2007/08: £83 million) and operating cash conversion of 113% (H1 2007/08: 78%)
- Two new technology growth companies acquired for £50 million
- New valuation of UK pension scheme substantially agreed with Trustee resulting in no material change to annual funding plan

Ulf Henriksson, Chief Executive of Invensys plc, commented:

"I am pleased with our first half performance and we are now in a strong financial position as the world faces uncertain times. I believe that we are well prepared and have demonstrated that we have the agility to manage risk and capture value from the opportunities that will arise.

"Our Industrial Automation businesses, Process Systems and Eurotherm, will continue to improve their competitive positions by offering the innovative solutions that our customers will need to improve the productivity of their operations. Rail Group is continuing to grow in its core markets and has a large pipeline of export order prospects. In Controls, we will continue to manage the effect of the market downturn by aligning our business to our core customers and investing in delivery, productivity and products for mid to high end homes.

"Overall, we have a strong foundation to pursue opportunities and will succeed by applying our technologies to help our customers improve their value through increased efficiency and asset utilisation. In this changing world, customers are seeking new ways to succeed."

Contact

Invensys plc:	Steve Devany	tel: +44 (0) 20 7821 3758
	Annabel Michie	tel: +44 (0) 20 7821 2121
Financial Dynamics	Andrew Lorenz	
	Richard Mountain	tel: +44 (0) 20 7269 7121

Registered Office: Portland House
Bressenden Place, London, SW1E 5BF
Registered in England No. 166023

CHIEF EXECUTIVE'S STATEMENT

I am pleased with the first half performance. Our strategy to help our customers unlock their potential has been endorsed by a 16% reported order growth. We have a strong financial foundation and capacity to capture more value—an 11% operating margin business, £178 million net cash, a new £400 million banking facility and no material change to our annual pension funding requirements.

Our geographic and industrial diversification gives us the opportunity to leverage our investments where growth exists and manage for cash and value where markets are declining. Together with our proven agility and preparedness to manage risk, I believe we have a strong foundation from which we can capture more value.

In our Industrial Automation businesses, Process Systems and Eurotherm, we expect a shift from capital expenditure that increases capacity towards investment to improve productivity. Therefore we are continuing to make the necessary investments to transform the businesses to sell more valued added solutions that improve the efficiency of our customers' existing operations. We have increased our investment in sales and marketing in Process Systems by around £15 million during the first half to capture more opportunities; the benefits of this increased investment is already reflected in improved order intake and a large pipeline of opportunities. At the same time we are aligning our capabilities to growth markets. For example, we do not have any significant exposure to high cost upstream oil exploration such as deep sea drilling or oil sands but are well placed to assist customers in achieving more productivity in the downstream refining sector. Geographically we see good growth in regions like the Americas and the Middle East but following recent evidence of a slowdown in the European market, we are now realigning our capacity in that market and increasing it in emerging markets. This together with costs associated with improving our delivery capabilities will lead to an additional restructuring charge in the second half of the year of around £20 million; we expect this restructuring to provide a compelling financial return.

Rail Group had an excellent first half year with strong order growth and operating margin and we expect that spending on rail infrastructure in our core markets will remain robust. We have already had success in export markets so far this year and we believe that levels of demand across the world should increase, enabling us to continue to grow the business in the short to medium term.

Controls performed well with good cash generation in the first half in particularly difficult markets, helped by the actions that we have taken during the past two years to improve the operational effectiveness of the business, aligning it to our core customers needs and investing in products for mid to high end homes. We are continuing to complete the restructuring projects started in previous years and are prepared to take further action if required.

We believe that our businesses remain robust and well placed in their respective markets to deal with the future uncertain economic climate. In Industrial Automation, we have good businesses positioned to meet the changing needs of our customers for productivity and optimisation. In Controls, recent events have reduced our expectations of industry shipments for the remainder of the year and we believe that its second half performance should now be in line with that achieved in the first half. Rail Group is demonstrating export success in addition to its strong position in its core markets. Overall, we expect the Group to make further progress in the second half compared with the first half of the year.

Notes

1. Except where stated, percentage changes in performance are stated at constant exchange rates (CER).
2. Underlying earnings per share is calculated on profit from continuing operations before exceptional finance costs, foreign exchange gains and losses and the PPP settlement credit.
3. Total Group comprises continuing and discontinued operations.
4. Continuing operations are Process Systems, Eurotherm, Rail Group and Controls. Discontinued operations comprise APV, Reversing Valves, Safety and Burco businesses in 2007/08 and comparatives have been restated accordingly.
5. All references to operating profit (OPBIT) and operating margin in this announcement are before exceptional items and all references to operating cash flow are before restructuring spend.
6. Return on operating capital is calculated as OPBIT divided by capital employed excluding goodwill, net pension deficit, non-operating provisions and net tax liabilities.

Conference call

Ulf Henriksson, CEO, and Steve Hare, CFO, will be hosting a presentation and conference call for analysts and fund managers at 9.00 a.m. GMT this morning:

Venue:	JPMorgan Cazenove 20 Moorgate London EC2R 6DA

Dial-in details (please note that the passcode is required).

UK and international:	+44 (0)20 7806 1953
US:	1 718 354 1385
Passcode:	4556482

The presentation will be audio webcast live with slides, which can be accessed at:

http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=79275&eventID=2003320

A recording will be available at this address shortly after the completion of the call.

This announcement and the presentation materials are also available at *http://www.invensys.com*

Safe harbor

This announcement contains certain statements that are forward-looking. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by these statements and a number of factors could cause the results and developments to differ materially from those expressed or implied by these forward-looking statements.

BUSINESS REVIEW

Key performance indicators

For the half year ended 30 September All data relates to continuing operations (other than free cash flow)	H1 2008/09	H1 2007/08	% Change at CER[1]	% Total change
Orders (£m)	1,156	995	8%	16%
Revenue (£m)	1,090	1,003	1%	9%
Operating profit (£m)	120	107	4%	12%
Operating margin (%)	11.0%	10.7%		
Operating cash flow (£m)	135	83	54%	63%
Cash conversion (%)	113%	78%		
Net finance cost cover[2] (times)	n/a	4.5x		
Earnings per share—underlying (p)	9.2p	6.7p		37%
Free cash flow (£m)	177	11		n/a
Return on operating capital (%)	50.5%	47.2%		

(1) % change is measured as the change at CER as a percentage of the H1 2007/08 adjusted base and is calculated based on underlying amounts in £'000s.

(2) Net finance cost cover is measured as the number of times operating profit covers net finance costs.

The Board

Steve Hare, Chief Financial Officer of Invensys, has informed the Board that he wishes to leave Invensys to pursue a different challenge. He intends to continue in his current role until May 2009 in order to complete the year end results and to allow sufficient time to appoint a successor and enable a smooth transition of responsibilities.

Ulf Henriksson, Chief Executive of Invensys, commented:

"Steve has played an important part in the steady progress that Invensys has made in terms of our financial position. I would like to thank Steve for his efforts which have contributed to the fact that we are now in a strong position to take advantage of the opportunities that will arise."

Steve Hare commented:

"I am proud of what we have accomplished together which has left the company in a position of financial strength. I feel that with the financial turnaround substantially complete, it is a good time for me to move on to a new challenge. I have really enjoyed working with Ulf and the rest of the Invensys team and I wish them well for the future."

UK Pension Scheme

Our main UK pension scheme, the Invensys Pension Scheme, is currently finalising its 31 March 2008 triennial valuation, which is conducted by the Scheme's actuary under the requirements of the Pensions Act 2004.

The valuation is substantially agreed and we anticipate an actuarial deficit of approximately £285 million as at 31 March 2008. We do not anticipate a material change in the annual payments under the current funding plan (2005 valuation, approximately £36 million p.a.) to fund the actuarial deficit, but the proposed 2008 funding plan now extends for a further three years to 2017.

The scheme has managed to minimise the impact of the depressed state of the financial and economic markets through a conservative investment strategy. During 2006 and 2007, the scheme gradually moved to a more fixed income-based strategy, with the allocation to bond/debt instruments averaging 80% in 2008. As a consequence, the change in the value of the scheme assets from 31 March 2008 to 30 September 2008 is not material.

Dividend

On 7 November 2008 the Company will dispatch a circular to shareholders convening an Extraordinary General Meeting of the Company to consider the necessary resolutions to give effect to proposals for a capital reduction and cancellation of certain reserves, which will enable the Board in suitable circumstances to recommend the payment of a dividend out of profits arising after the date of the capital reduction. The Board will review the financial position and prospects for the Group following the completion of this financial year before making any dividend recommendations.

Part of the proposals will involve a capitalisation of reserves followed by a bonus issue of shares which will in turn be cancelled.

The Extraordinary General Meeting is to be held at The Grosvenor, 101 Buckingham Palace Road, London, SW1W 0SJ at 11.00 a.m. on 26 November 2008. Further details of the meeting, together with voting instructions, are contained in the circular which will be available on the Group's website *www.invensys.com*.

Outlook

We believe that our businesses remain robust and well placed in their respective markets to deal with the future uncertain economic climate. In Industrial Automation, we have good businesses positioned to meet the changing needs of our customers for productivity and optimisation. In Controls, recent events have reduced our expectations of industry shipments and we believe that its second half performance should now be in line with that achieved in the first half. Rail Group is demonstrating export success in addition to its strong position in its core markets. Overall, we expect the Group to make further progress in the second half compared with the first half of the year.

Industrial Automation

We see more opportunities in our core market sectors (oil & gas, power, petrochemicals, pharmaceuticals and speciality chemicals) by leveraging our combined capabilities in Process Systems and Eurotherm. By presenting more of a cohesive face to the market, we also create increased scale and focus, particularly in research and development and in our direct and indirect sales channels for our core vertical markets. As an example, the wider technology range will include combining Eurotherm and Process Systems technologies, in particular Wonderware software, to build a scalable distributed control system which is more price competitive to meet the needs of the midsized power sector than our current offering.

Process Systems

For the half year ended 30 September	H1 2008/09	H1 2007/08	% Change at CER	% Total change
Orders (£m)	480	407	10%	18%
Revenue (£m)	425	379	4%	12%
Operating profit (£m)	41	46	(17%)	(11%)
Operating margin (%)	9.6%	12.1%		
Operating cash flow (£m)	26	11	138%	136%
Operating cash conversion (%)	63%	24%		

Process Systems designs, manufactures, installs, tests and commissions software and computer-based hardware for the automation and regulation of plant operations, the management of certain administrative functions of manufacturing businesses, and simulations of manufacturing process operations. It delivers solutions and consultancy services that improve the productivity and safety of customers' plants.

Markets

Our major end markets within the oil and gas, petrochemical, refining and power sectors remained strong during the first half of the year, supported by the long term nature of investment decisions within these sectors and the need to improve the operational efficiency of the existing plants.

Regionally, there has been continued strength in the Middle East and South America, driven by demand from the oil and gas sector. The North America market grew strongly with increased demand for upgrades within the installed base. The level of investment in new facilities in Asia Pacific remained high but there was a slowdown in demand within Europe and Africa with delays on investment decisions caused by the weakening economy.

Developments

The investment in differentiating ourselves from our competitors by strengthening Process Systems' ability to sell high value solutions to our customers increased during the first half as we recognised the likely increase in customers' requirements to improve the operational efficiency of their existing assets. In particular, we have significantly invested in sales and marketing, the benefits of which are beginning to become apparent with double digit growth in order intake in the first half.

Following the recent evidence of a decline in the European market, we are now realigning our capacity in that market and increasing it in emerging markets. This together with costs associated with improving our delivery capabilities will lead to an additional restructuring charge in the second half of the year of around £20 million, which will provide a compelling financial return.

Our InFusion™ platform underpins our solutions offerings with significant interest from customers in its ability to provide real-time data that enables improved decision-making in continuous processes. For example, an InFusion-based offering is being installed at what will be the world's largest oil refinery owned and operated by Reliance in India.

In August, we were awarded a contract with the state-owned Taiwan Power Company to provide critical upgrades to the Kuosheng Nuclear Power Plant (NPP) in northern Taiwan. Including the replacement and upgrade of obsolete analog-based recirculation water control systems with digital systems, the upgrades allow Kuosheng NPP to significantly improve plant availability.

The acquisition by Wonderware of SAT Corporation, a Houston-based mobile solutions company, for a cash consideration of £30 million was completed on 21 August 2008 and is now being integrated into Wonderware's product offerings on a global basis. The IntelaTrac® Enterprise Suite provides configurable hardware and software solutions that enable remote workflow, procedural and general task management within industrial plants, typically focused around asset maintenance and compliance applications.

Performance

Order intake in the first half increased by 10% to £480 million (H1 2007/08: £407 million), including a number of longer term solutions orders. This reflected the benefit of the increased investment of £15 million made into sales and marketing as well as our continued investment in research and development. Orders grew strongly in North America, South America and the Middle East but declined in Europe, as a result of the weakening market, and in Asia Pacific due partly to the high level of orders in the comparative period. In addition, there was a good improvement in the size of the pipeline of order prospects.

Revenue in the period was up 4% at £425 million (H1 2007/08: £379 million) with good performances in North America and Asia Pacific.

Operating profit was down 17% at £41 million (H1 2007/08: £46 million) due mainly to the significantly increased investment in sales and marketing. Operating cash flow was £26 million (H1 2007/08: £11 million) resulting in cash conversion for the half year of 63% (H1 2007/08: 24%).

Eurotherm

For the half year ended 30 September	H1 2008/09	H1 2007/08	% Change at CER	% Total change
Orders (£m)	62	57	–	9%
Revenue (£m)	61	54	3%	13%
Operating profit (£m)	4	4	(1%)	–
Operating margin (%)	6.6%	7.4%		
Operating cash flow (£m)	5	4	28%	25%
Operating cash conversion (%)	125%	100%		

Eurotherm provides control, data and measurement instrumentation products, solutions and services to manage specific parameters of the manufacturing process, such as temperature and pressure, for the global industrial control and process markets. Eurotherm has global expertise in many industrial markets with dedicated specialists in some key areas including life sciences, glass manufacturing, metals and plastics and the heat treatment of metals (for industries such as aerospace and automotive).

Markets

Our markets in Western Europe and North America continued to be affected in the first half by the migration of industrial manufacturing capacity to low cost countries. In emerging markets, in particular in Asia Pacific, the market continued to grow with increased demand for the application of our extensive industry knowledge within our key vertical markets of life sciences, heat treatment and glass. The demand for solutions rather than just products is also driving growth in the business.

Developments

Although the migration of manufacturing from Western Europe into both the supply chain and to new facilities in Poland and China has been substantially completed, some customers were affected by delivery issues that are now being resolved.

During the period, we launched EPower®, a new range of multi phase power controllers which improve the efficiency of power consumption within a manufacturing plant. Initial installations are demonstrating up to 5% improvements in energy efficiency.

Performance

Orders for the first half were flat at £62 million (H1 2007/08: £57 million). Revenue was up 3% at £61 million (H1 2007/08: £54 million), with solutions revenue increasing by 33%.

Operating profit was slightly down at £4 million (H1 2007/08: £4 million). Operating margin was 6.6% (H1 2007/08: 7.4%). Operating cash flow was £5 million (H1 2007/08: £4 million).

Outlook for Industrial Automation

In the second half of the year, we expect that the improvement in order intake in the first half will continue, reflecting the strength of our offerings to generally well funded customers with long term needs for improved productivity. In the longer term, we expect that our performance will be supported by the repositioning of our business towards deriving an increasing proportion of its revenue from solutions which improve the efficiency of existing plants.

Transportation

Rail Group

For the half year ended 30 September	H1 2008/09	H1 2007/08	% Change at CER	% Total change
Orders (£m)	335	222	44%	51%
Revenue (£m)	306	256	13%	20%
Operating profit (£m)	65	42	44%	55%
Operating margin (%)	21.2%	16.4%		
Operating cash flow (£m)	77	52	37%	48%
Operating cash conversion (%)	118%	124%		

Rail Group is a multinational leader in delivering state-of-the-art railway control and communication solutions. We enable the world's railways to help meet the ever-increasing demand for rail services by providing a range of solutions that safely and cost effectively increase the capacity of their networks by increasing frequency and maximising operational effectiveness.

Our broad offering ranges from highly complex integrated control centre solutions that supervise and control complete railways to sophisticated train based systems that automate train operation and protection, interlocking systems that ensure safe running across a network and a complete range of trackside products.

Markets

Our core markets in the UK, Spain, US and Australia have been robust and we expect this to continue given the need to improve transport infrastructure and the importance of rail as a sustainable and economic means of transport. We are also seeing significant demand in many countries outside of our traditional markets, particularly in Latin America and the Far East, and we have a significant pipeline of order prospects in our targeted export markets.

Developments

Our workload for Network Rail in the UK remains strong with the recent award of contracts for signalling at Northampton and Reading station areas. In Spain, we were awarded a £100 million contract for the signalling of the Madrid-Valencia high speed line and, since the end of the period, we have received a £55 million order for additional work on that line. In export markets, we received a contract for the Ankara-Konya High speed line in Turkey. Overall we have received a further £100 million of orders since 30 September 2008.

In September 2008, we acquired Quantum Engineering, Inc. from its management for a cash consideration of £20 million. Based in Jacksonville, Florida, Quantum Engineering is a signalling and train controls company specialising in on-board equipment. This acquisition will increase our profile within the valuable US railroad aftermarket business while creating new sales opportunities within the operational side of its existing US railroad customers. In addition, this technology will be marketed globally through our international operations opening up the technology to significant new markets, allowing customers to operate their networks and locomotives more efficiently, at lower cost and with lower environmental impact.

Performance

Order intake during the first half was up 44% to £335 million (H1 2007/08: £222 million) helped in particular by the £100 million Madrid-Valencia order in Spain. Revenue was 13% higher at £306 million (H1 2007/08: £256 million) with strong growth in all markets.

Operating profit rose to £65 million (H1 2007/08: £42 million), an increase of 44% reflecting the substantial increase in volume and a favourable sales mix. Operating margin was 21.2% (H1 2007/08: 16.4%). Operating cash flow was £77 million (H1 2007/08: £52 million), continuing to give cash conversion of over 100%.

Outlook

We expect that spending on rail infrastructure in our core markets will remain at robust levels due to the necessity to improve capacity. We have already had success in export markets so far this year and, with a strong pipeline of opportunities, we believe that levels of demand across the world should increase, enabling us to continue to grow the business in the short to medium term.

Controls

Controls

For the half year ended 30 September	H1 2008/09	H1 2007/08	% Change at CER	% Total change
Orders (£m)	279	309	(18%)	(10%)
Revenue (£m)	298	314	(13%)	(5%)
Operating profit (£m)	26	32	(25%)	(19%)
Operating margin (%)	8.7%	10.2%		
Operating cash flow (£m)	42	32	27%	31%
Operating cash conversion (%)	162%	100%		

Controls designs, engineers and manufactures components, systems and services used in appliances, heating, air conditioning/cooling, refrigeration and thermostatic products across a wide range of industries in residential and commercial markets, together with utility monitoring services in the UK.

Markets

Market conditions were challenging in the first half with reduced customer production across many sectors. This was compounded by inventory reductions by some customers as they anticipated further declining volumes.

Developments

We have continued to concentrate upon protecting the absolute level of operating profit and improving the cash performance of the business. We have kept tight control of overheads and have been continuing the focus upon improving productivity within our plants. We have also been driving costs down through supply chain and restructuring initiatives. We are continuing to complete the restructuring projects started in the previous year which has already resulted in a significant reduction in overheads and we continue to maintain a large proportion of our production capacity in low cost countries.

Performance

Orders during the period were £279 million (H1 2007/08: £309 million), down 18%. This decrease was higher than the market reduction in shipments due to the effect of the reduction in volumes at the higher end of the North American market and the loss of a major water heating contract last year. Revenue for the half year was down slightly less than orders at £298 million (H1 2007/08: £314 million), a 13% decrease.

Despite the significant reduction in volumes, we have had some success in protecting the profit and cash performance of the business through prior period pricing actions, plant productivity improvements and restructuring benefits. Operating profit was down 25% at CER at £26 million (H1 2007/08: £32 million) after charging a £3 million provision relating to the expected costs of replacing water valves for a customer.

Operating cashflow was £42 million (H1 2007/08: £32 million), with 162% cash conversion (H1 2007/08: 100%).

Outlook

Recent events have reduced our expectations of industry shipments for the remainder of the year and we believe that the second half performance of Controls should now be in line with that achieved in the first half.

Risks and uncertainties

This section provides a description of the principal risks and uncertainties for the remaining six months of the Group's financial year, as required by DTR 4.2.7R of the Disclosure and Transparency Rules.

As part of our routine procedures, the principal risks and uncertainties are kept under review. In particular we have considered the potential impact of recent developments in the world's financial markets upon both the Group's financial position and that of its customers and suppliers. We have concluded that the principal risks and uncertainties remain as detailed on pages 42 to 44 of 2008 Annual report and accounts, a copy of which is available on the Company's website at *www.invensys.com*. These risks are summarised as follows:

- The Group faces intense competition, and failure to maintain a competitive and technologically advanced product range could reduce its margins and revenue growth;
- The timing and frequency of substantial contract awards, particularly in the Group's Rail Group business, are uneven;
- The Group's Process Systems business is reliant on the capital expenditure requirements from the oil, gas and chemical sectors;
- The Group is subject to ongoing litigation and environmental liabilities;
- Operating in global markets subjects the Group to risks associated with changes in political and economic conditions and in applicable laws and regulations;

- The Group may be subject to liability as a result of product liability claims;
- The Group could be exposed to deterioration in its financial results if the performance improvement initiatives of certain of the Group's operations are not successful;
- The Group may be exposed to liability through the actions of joint venture partners, co-source partners or its supply chain;
- Undertaking large, long-term projects exposes the Group's business to risk of loss;
- The Group may be exposed to additional liabilities with respect to its UK and US pension plans; and
- If the Group is unable to recruit and retain skilled personnel, it may not be able to effectively implement its business strategy.

The business review includes a commentary on the outlook for the Business Groups and the Group for the remaining six months of the financial year and in particular the uncertain economic climate.

Additional financial information

Orders

A summary of orders and movements at CER by business group is set out below:

For the half year ended 30 September	H1 2007/08 Orders £m	Exchange £m	H1 2007/08 at CER £m	Change at CER £m	H1 2008/09 Orders £m	Change[1] %
Process Systems	407	31	438	42	480	10%
Eurotherm	57	5	62	–	62	0%
Industrial Automation	***464***	***36***	***500***	***42***	***542***	***8%***
Transportation—Rail Group	222	11	233	102	335	44%
Controls	309	30	339	(60)	279	(18%)
Continuing operations	**995**	**77**	**1,072**	**84**	**1,156**	**8%**

The order book for continuing operations was £1,403 million at 30 September 2008 (31 March 2008: £1,294 million), with increases in both Process Systems and Rail Group.

Revenue

A summary of revenue and movements at CER by business group is set out below:

For the half year ended 30 September	H1 2007/08 Revenue £m	Exchange £m	H1 2007/08 at CER £m	Change at CER £m	H1 2008/09 Revenue £m	Change[1] %
Process Systems	379	28	407	18	425	4%
Eurotherm	54	5	59	2	61	3%
Industrial Automation	***433***	***33***	***466***	***20***	***486***	***4%***
Transportation—Rail Group	256	16	272	34	306	13%
Controls	314	30	344	(46)	298	(13%)
Continuing operations	**1,003**	**79**	**1,082**	**8**	**1,090**	**1%**

Operating profit and margin

A summary of operating profit and movements at CER by business group is set out below:

For the half year ended 30 September	H1 2007/08 OPBIT £m	Exchange £m	H1 2007/08 at CER £m	Change at CER £m	H1 2008/09 OPBIT £m	Change[1] %
Process Systems	46	3	49	(8)	41	(17%)
Eurotherm	4	–	4	–	4	(1%)
Industrial Automation	***50***	***3***	***53***	***(8)***	***45***	***(15%)***
Transportation—Rail Group	42	3	45	20	65	44%
Controls	32	3	35	(9)	26	(25%)
Corporate	(17)	–	(17)	1	(16)	(5%)
Continuing operations	**107**	**9**	**116**	**4**	**120**	**4%**

(1) % change is measured as the change at CER as a percentage of the H1 2007/08 adjusted base and is calculated based on underlying amounts in £'000s.

Operating cash flow and cash conversion

A summary of operating cash flow and cash conversion by business group is set out below:

For the half year ended 30 September	Operating cash flow		Cash conversion	
	H1 2008/09 £m	H1 2007/08 £m	H1 2008/09 %	H1 2007/08 %
Process Systems	26	11	63%	24%
Eurotherm	5	4	125%	100%
Industrial Automation	***31***	***15***	***69%***	***30%***
Transportation—Rail Group	77	52	118%	124%
Controls	42	32	162%	100%
Corporate	(15)	(16)	–	–
Continuing operations	**135**	**83**	**113%**	**78%**

Exceptional items

The exceptional charge for the half year totalled £14 million (H1 2007/08: £12 million). This included restructuring costs of £12 million and £2 million of property, plant and equipment impairment. The restructuring costs relate mainly to Controls in both North America and Europe.

Foreign exchange losses

Foreign exchange losses are £nil million (H1 2007/08: £5 million). Foreign exchange losses in the comparative period were principally attributable to exchange differences on the Group's non-sterling denominated currency borrowings held in companies whose functional currency is sterling. The majority of these loans were repaid in March and May 2008.

Net finance costs

Net finance costs reduced to £1 million in the half year (H1 2007/08: £24 million) reflecting the debt free position of the Group.

Taxation

The tax charge for continuing operations is £13 million (H1 2007/08: £9 million) which comprises a current year income tax charge of £18 million (H1 2007/08: £14 million), offset by a deferred tax credit of £5 million (H1 2007/08: £nil million). The comparative period current tax charge was offset by tax credits of £5 million relating to the settlement of some historic tax disputes in the UK and US.

Net profit

Net profit increased to £75 million (H1 2007/08: £56 million), driven by the increase in operating profit, and a reduction in foreign exchange losses and net finance costs.

Earnings per share

Basic earnings per share from continuing operations is 9.2p (H1 2007/08: 6.0p). Underlying earnings per share is also 9.2p (H1 2007/08: 6.7p) arising from the improved operating profit and reduced net finance costs.

Free cash flow

Free cash flow for the half year was £177 million (H1 2007/08: £11 million), driven by improved operating cash inflow, lower finance costs and the receipt of the PPP settlement.

Financial position at half year end

Capital structure

The Group's capital structure is as follows:

	30 September 2008 £m	31 March 2008 £m (Restated)
Capital employed	340	307
Cash and cash equivalents	186	235
Borrowings	(8)	(162)
Net cash	178	73
Total equity—funds	**518**	**380**
Comprising:		
—Equity holders of parent	446	311
—Minority interests	72	69
	518	**380**

Total equity

Total equity increased by £138 million in the half year due to net profit in the period of £75 million, gain on available for sale investment of £25 million and translation exchange gains of £34 million.

Minority interests

The minority interest balance is £72 million (H1 2007/08: £69 million), the majority of which relates to the interests of the minority in Baan Company NV.

Net cash

Net cash was £178 million (FY 2007/08: £73 million). The improvement of £105 million is largely due to the free cash flow of £177 million which includes a receipt of £95 million from the PPP settlement, offset by payments totalling £50 million for the acquisition of SAT Corporation and Quantum Engineering Inc.

On 7 May 2008, the Group repaid and cancelled Term Loans due in January 2011 of US$190 million and Euro 75 million. The repayment of the principal amounts, together with accrued interest, was made out of cash balances. On 8 May 2008, the Group cancelled bonding facilities of £100 million due for expiry in December 2010. There were no early redemption penalties on either of these transactions.

Capital employed

Capital employed increased by £33 million to £340 million, mainly due to acquisitions made in the period of £50 million, an increase in assets held for sale of £26 million and the effect of translation of £30 million; these increases were offset by a reduction in receivables including the receipt of the PPP settlement.

Pension liabilities

The UK Main Scheme is subject to a triennial actuarial review with a valuation date of 31 March 2008. The valuation is substantially agreed and we anticipate that on a funding basis there is a deficit of £285 million using assumptions agreed with the Schemes' Trustee.

The agreement will be submitted to the UK Pensions Regulator, who has the right to review any funding agreement reached between a Trustee and a company sponsor.

The updated funding valuation has made no significant change to the funding plan for the next three years. Although the IAS 19 deficit will fluctuate depending in particular on interest rates, this will not affect the funding plan.

The Scheme's investment policy is to be invested predominately in debt instruments and therefore the significant fall in equity prices in recent weeks has had no material effect upon the value of the fund's assets.

The usual half year IAS 19 valuation has been undertaken for the UK Main Scheme which has generated a deficit of £3 million (31 March 2008: £10 million). The assumptions used in the triennial valuation have been carried forward into the calculation of liabilities under IAS 19 with the principal exception of the discount rate. The discount rate required for an IAS 19 assessment is required to be based on the yields from high quality Corporate Bonds. The discount rate used for the IAS 19 calculation at 30 September 2008 is 6.2% (31 March 2008: 6.1%). Details of the valuation and key assumptions are shown in note 9 to the condensed financial statements.

IFRIC 14 (IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) is effective for the first time and has been adopted by the Group. This has the effect of increasing the pension liability for the UK Main Scheme by £95 million to £98 million as at 30 September 2008; the liability at 31 March 2008 has been restated in accordance with IFRIC 14 by £66 million to £76 million. Details are shown in note 9 to the condensed financial statements.

For the Group, the IAS 19 valuation has resulted in an overall pension liability at 30 September 2008 of £288 million; the liability at 31 March 2008 has been restated in accordance with IFRIC 14 by £66 million to £284 million.

INVENSYS PLC

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2008

	Notes	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Continuing operations				
Revenue	2	1,090	1,003	2,108
Operating expenses before exceptional items		(970)	(896)	(1,854)
Operating profit before exceptional items	2	120	107	254
Exceptional items	4	(14)	(12)	62
Operating profit	3	106	95	316
Foreign exchange losses	5	–	(5)	(21)
Exceptional finance costs		–	–	(36)
Finance costs		(5)	(31)	(63)
Total finance costs		(5)	(31)	(99)
Finance income		4	7	18
Other finance charges—IAS 19		(17)	(8)	(15)
Profit before taxation		88	58	199
Taxation—UK		–	2	(1)
Taxation—overseas		(13)	(11)	(29)
Profit after taxation—continuing operations	2	75	49	169
Profit after taxation—discontinued operations	6	–	7	167
Profit for the period	2	75	56	336
Attributable to:				
Equity holders of the parent		73	54	334
Minority interests		2	2	2
		75	56	336
Earnings per share				
Continuing operations				
Earnings per share (basic)	7	9.2p	6.0p	21.1p
Earnings per share (diluted)	7	9.1p	5.9p	20.9p
Discontinued operations				
Earnings per share (basic)	7	0.0p	0.8p	20.9p
Earnings per share (diluted)	7	0.0p	0.8p	20.6p
Total Group				
Earnings per share (basic)	7	9.2p	6.8p	42.0p
Earnings per share (diluted)	7	9.1p	6.7p	41.5p

INVENSYS PLC

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 SEPTEMBER 2008

	Notes	30 September 2008 £m	30 September 2007 £m (Restated)	31 March 2008 £m (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		286	271	282
Intangible assets—goodwill		265	208	215
Intangible assets—other		101	88	92
Deferred income tax assets		28	17	21
Amounts due from contract customers		3	5	6
Other receivables		25	40	15
Other financial assets		14	7	7
Pension asset	9	–	1	1
		722	637	639
Current assets				
Inventories		158	169	144
Amounts due from contract customers		194	154	152
Trade and other receivables		483	481	648
Cash and cash equivalents		186	284	235
Income tax receivable		2	2	2
Derivative financial instruments		3	2	1
		1,026	1,092	1,182
Assets held for sale	10	28	234	2
TOTAL ASSETS		1,776	1,963	1,823
LIABILITIES				
Non-current liabilities				
Borrowings		(7)	(470)	(161)
Provisions		(104)	(89)	(103)
Income tax payable		(25)	(21)	(24)
Deferred income tax liabilities		(15)	(16)	(15)
Amounts due to contract customers		(23)	(24)	(10)
Other payables		(12)	(15)	(17)
Pension liabilities	9	(288)	(351)	(285)
		(474)	(986)	(615)
Current liabilities				
Trade and other payables		(470)	(448)	(480)
Amounts due to contract customers		(211)	(207)	(240)
Borrowings		(1)	(1)	(1)
Derivative financial instruments		(3)	(1)	(1)
Income tax payable		(44)	(31)	(47)
Provisions		(55)	(62)	(59)
		(784)	(750)	(828)
Liabilities held for sale	10	–	(143)	–
TOTAL LIABILITIES		(1,258)	(1,879)	(1,443)
NET ASSETS		518	84	380
Capital and reserves				
Equity share capital		80	80	80
Treasury shares		(4)	(9)	(7)
Other reserves		4,222	4,372	4,189
Retained earnings		(3,852)	(4,421)	(3,951)
Equity holders of the parent		446	22	311
Minority interests		72	62	69
TOTAL EQUITY	11	518	84	380

INVENSYS PLC

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2008

	Notes	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Operating activities				
Operating profit:				
Continuing operations	3	106	95	316
Discontinued operations	6	–	8	7
Depreciation of property, plant and equipment		21	25	47
Amortisation of intangible assets—other		10	9	19
Provision for impairment charged to operating profit	4	2	2	5
PPP settlement credit to operating profit		–	–	(95)
PPP settlement proceeds		95	–	–
Loss on sale of property, plant and equipment		–	–	1
Non-cash charge for share-based payment		6	5	8
(Increase)/decrease in inventories		(3)	(5)	7
Decrease/(increase) in receivables		75	–	(35)
(Decrease)/increase in net amounts due to contract customers		(53)	(19)	12
(Decrease)/increase in payables and provisions		(26)	(42)	(29)
Difference between pension contributions paid and amounts recognised in operating profit		(19)	(9)	(102)
Cash generated from operations		214	69	161
Income taxes paid		(15)	(14)	(37)
Interest paid		(7)	(26)	(55)
Exceptional finance costs		–	–	(18)
Net cash flows from operating activities		192	29	51
Investing activities				
Interest received		7	7	16
Purchase of property, plant and equipment		(15)	(16)	(37)
Expenditure on intangible assets—other		(9)	(9)	(21)
Purchase of subsidiaries		(50)	(12)	(12)
Sale of subsidiaries		(11)	(4)	295
Net cash acquired/(disposed) on purchase/(sale) of subsidiaries		3	(4)	(19)
Cash flows from investing activities		(75)	(38)	222
Financing activities				
Purchase of Invensys plc shares by Employee Share Trust		–	(9)	(9)
Purchase of shares on vested share awards		(3)	(4)	(4)
Facility fees paid		(6)	–	–
Transfer of treasury bonds defeasing 144A covenants		(7)	–	–
Repayment of long-term borrowings		(156)	(4)	(363)
Dividends paid to minority interests		–	(1)	(1)
Cash flows from financing activities		(172)	(18)	(377)
Net decrease in cash and cash equivalents		(55)	(27)	(104)
Cash and cash equivalents at beginning of period		235	307	307
Net foreign exchange difference		6	4	32
Cash and cash equivalents at end of period		186	284	235

INVENSYS PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (UNAUDITED)

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2008

	Notes	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m (Restated)	Year ended 31 March 2008 £m (Restated)
Income and expense recognised directly in equity				
Gains on valuation of available-for-sale investments:				
Gains taken to equity		25	–	–
Cash flow hedges:				
Gains taken to equity		1	–	1
Transferred to the income statement for the period		(1)	–	(2)
Exchange differences on translation of foreign operations		34	9	41
Foreign exchange gain transferred on disposal of operations		–	–	(1)
Actuarial gain recognised on defined benefit pension schemes		30	217	218
Irrecoverable element of potential future pension surplus	9	(29)	(49)	(66)
Net income recognised directly in equity		60	177	191
Profit for the period		75	56	336
Total recognised income for the period		135	233	527
Attributable to:				
Equity holders of the parent		133	230	516
Minority interests		2	3	11
		135	233	527

INVENSYS PLC

NOTES

(UNAUDITED)

1. Basis of preparation

Statement of compliance

The Group's condensed Consolidated financial statements for the six months ended 30 September 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union (EU). They do not include all the information and disclosures required in the Annual report and accounts, and should be read in conjunction with the Group's Annual report and accounts as at 31 March 2008, that are prepared in accordance with IFRS as adopted by the EU.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed Consolidated financial statements are consistent with those followed in the preparation of the Group's Annual report and accounts for the year ended 31 March 2008, except for the following amendments to existing standards and new interpretations which have been adopted by the Group for the half year:

– Amendments to IAS 39 and IFRS 7—*Reclassification of Financial Assets*

– IFRIC 12—*Service Concession Agreements*

– IFRIC 14 IAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The amendments to IAS 39 and IFRS 7 have been endorsed by the EU and are effective for the financial year beginning 1 April 2008. IFRICs 12 and 14 are expected to be endorsed by the EU before the end of the year and as a result, in accordance with IAS 34, the Group has applied these interpretations in these financial statements. Adoption of these amended standards and the new IFRIC 12 has not had any material effect on the financial position or performance of the Group. The effect of the adoption of IFRIC 14 is shown in note 9.

2. Segmental analysis

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
	External revenue	**External revenue**	**External revenue**
Revenue			
Business			
Process Systems	425	379	830
Eurotherm	61	54	115
Industrial Automation	486	433	945
Rail Group	306	256	539
Controls	298	314	624
Continuing operations	1,090	1,003	2,108
APV	–	205	308
Controls—Reversing Valves and Safety	–	23	37
Rail—Burco	–	37	64
Discontinued operations	–	265	409
Total Group	1,090	1,268	2,517

2. Segmental analysis (Continued)

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
				External revenue	External revenue	External revenue
	Operating profit/(loss)*	Operating profit/(loss)*	Operating profit/(loss)*	Operating profit/(loss)	Operating profit/(loss)	Operating profit/(loss)
Result						
Business						
Process Systems	41	46	117	41	46	113
Eurotherm	4	4	9	2	4	8
Industrial Automation	45	50	126	43	50	121
Rail Group	65	42	93	65	42	187
Controls	26	32	69	14	21	49
Corporate	(16)	(17)	(34)	(16)	(18)	(41)
Continuing operations	120	107	254	106	95	316
Foreign exchange losses				–	(5)	(21)
Exceptional finance costs				–	–	(36)
Finance costs				(5)	(31)	(63)
Finance income				4	7	18
Other finance charges—IAS 19				(17)	(8)	(15)
Taxation				(13)	(9)	(30)
Profit after taxation—continuing operations				75	49	169
APV	–	7	9	–	4	2
Controls—Reversing Valves and Safety	–	2	3	–	2	3
Rail—Burco	–	2	2	–	2	2
Corporate—profit on disposal of business	–	–	–	–	–	170
Taxation	–	–	–	–	(1)	(10)
Discontinued operations	–	11	14	–	7	167
Total Group	120	118	268	75	56	336

* Before exceptional items

2. Segmental analysis (Continued)

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Geographical analysis by origin—Revenue			
United Kingdom	208	182	402
Rest of Europe	317	270	568
North America	347	348	704
South America	52	48	103
Asia Pacific	147	135	283
Africa and Middle East	19	20	48
Continuing operations	1,090	1,003	2,108
Geographical analysis by origin—Operating profit/(loss)*			
United Kingdom	39	24	57
Rest of Europe	45	30	75
North America	33	50	109
South America	4	6	13
Asia Pacific	17	15	33
Africa and Middle East	(2)	(1)	1
Corporate	(16)	(17)	(34)
Continuing operations	120	107	254
Geographical analysis by destination—Revenue			
United Kingdom	187	169	365
Rest of Europe	314	279	590
North America	322	320	644
South America	59	52	111
Asia Pacific	159	138	305
Africa and Middle East	49	45	93
Continuing operations	1,090	1,003	2,108
United Kingdom	–	10	15
Rest of Europe	–	84	130
North America	–	87	141
South America	–	7	13
Asia Pacific	–	58	80
Africa and Middle East	–	19	30
Discontinued operations	–	265	409

3. Operating profit

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Revenue	1,090	1,003	2,108
Cost of sales	(758)	(707)	(1,480)
Gross profit	332	296	628
Distribution costs	(7)	(6)	(13)
Administrative costs	(205)	(183)	(361)
Operating profit before exceptional items	120	107	254
Exceptional items *(note 4)*	(14)	(12)	62
Operating profit	106	95	316

4. Exceptional items

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Restructuring costs	(12)	(10)	(27)
Impairment: property, plant and equipment	(2)	(2)	(4)
Impairment: intangible assets—other	–	–	(1)
Gain on sale of assets and operations	–	–	(1)
PPP settlement credit	–	–	95
Exceptional items	(14)	(12)	62
Restructuring costs by business:			
Process Systems	–	–	(4)
Eurotherm	(2)	–	–
Controls	(8)	(9)	(16)
Corporate	(2)	(1)	(7)
	(12)	(10)	(27)

5. Foreign exchange losses

Following the repayment of the High Yield Bonds in March 2008 and the Term Loans in May 2008, the Group no longer has any significant non-sterling denominated currency borrowings in companies whose functional currency is sterling. As a result, foreign exchange losses in the half year were £nil (H1 2007/08: £5 million, FY 2007/08 £21 million).

6. Discontinued operations

Discontinued operations in the comparative periods comprise the APV, Reversing Valves, Safety and Burco businesses which were all sold in the year ended 31 March 2008.

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Profit for the period from discontinued operations			
Revenue	–	265	409
Operating expenses before exceptional items	–	(254)	(395)
Operating profit before exceptional items	–	11	14
Exceptional items*	–	(3)	(7)
Operating profit	–	8	7
Profit on assets divested	–	–	177
Charge of associated goodwill	–	–	(8)
Foreign exchange gain transferred on disposal of operations	–	–	1
Profit on sale of business	–	–	170
Profit before taxation—discontinued operations	–	8	177
Taxation	–	(1)	(10)
Profit after taxation—discontinued operations	–	7	167
Net cash flows from discontinued operations			
Operating	–	(13)	(13)
Investing	–	–	279
Net cash inflow	–	(13)	266

* Exceptional items related entirely to restructuring costs in the comparative periods.

7. Earnings per share

	Half year ended 30 September 2008	Half year ended 30 September 2007	Year ended 31 March 2008
Earnings per share (pence)			
Continuing operations			
Basic	9.2p	6.0p	21.1p
Diluted	9.1p	5.9p	20.9p
Before exceptional finance costs, foreign exchange gains and losses and PPP settlement credit			
Basic	9.2p	6.7p	17.0p
Diluted	9.1p	6.5p	16.8p
Discontinued operations			
Basic	0.0p	0.8p	20.9p
Diluted	0.0p	0.8p	20.6p
Total Group			
Basic	9.2p	6.8p	42.0p
Diluted	9.1p	6.7p	41.5p
Weighted average number of shares (million)			
Basic	797	796	795
Effect of dilution—share awards	9	15	10
Diluted	806	811	805
Earnings (£m)			
Continuing operations			
Basic	73	48	168
Before exceptional finance costs, foreign exchange gains and losses and PPP settlement credit			
Operating profit	106	95	316
PPP settlement	–	–	(95)
Finance costs	(5)	(31)	(63)
Finance income	4	7	18
Other finance charges—IAS 19	(17)	(8)	(15)
Operating profit less net finance costs	88	63	161
Taxation on operating profit less net finance costs	(13)	(9)	(25)
Minority interests	(2)	(1)	(1)
	73	53	135
Discontinued operations			
Basic	–	6	166
Total Group			
Basic	73	54	334

The basic earnings per share for the half year has been calculated using 797 million shares (H1 2007/08: 796 million, FY 2007/08: 795 million), being the weighted average number of shares in issue during the half year and the profit after taxation and minority interests for continuing operations, discontinued operations and total Group as shown above.

7. Earnings per share (Continued)

An additional earnings per share calculation for continuing operations has been included since the directors consider that this gives a useful additional indication of underlying performance. This is based on earnings before exceptional finance costs, foreign exchange gains and losses and PPP settlement credit with an underlying tax charge of £13 million for the half year (H1 2007/08: £9 million, FY 2007/08: £25 million).

The diluted earnings per share has been calculated in accordance with IAS 33 *Earnings per Share* without reference to adjustments in respect of certain share awards which are considered to be anti-dilutive.

There have been no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this half yearly financial report.

8. Business Combinations

On 21 August 2008, Invensys plc acquired 100% of the share capital of SAT Corporation, a Houston-based mobile solutions company, for a cash consideration of £30 million. On 17 September 2008, Invensys plc acquired 100% of the share capital of Quantum Engineering Inc., a signalling and train controls company specialising in on-board equipment, from its management, for a cash consideration of £20 million.

As a result of the timing of the acquisitions, the accounting policy alignment and fair value exercises have yet to be completed, and the book value of the acquired businesses included in the Group's Consolidated balance sheet are provisional and under review.

	Previous carrying value £m	Provisional fair value recognised on acquisition £m
Property, plant and equipment	0.7	0.7
Intangible assets—other	–	6.5
Trade and other receivables	2.5	2.5
Inventories	2.0	2.0
Cash and cash equivalents	2.5	2.5
Trade and other payables	(1.8)	(1.8)
Net assets	5.9	12.4
Goodwill arising on acquisition		38.1
Total acquisition cost		50.5
The total acquisition cost comprised:		
Cash paid		50.3
Costs directly attributable to the acquisition		0.2
		50.5
Cash outflow on acquisition:		
Cash paid		(50.3)
Net cash acquired with acquisition		2.5
Net cash outflow		(47.8)

SAT Corporation contributed an operating loss of £0.2 million to the Group for the period from acquisition to 30 September 2008.

8. Business Combinations (Continued)

If the combinations had taken place at the beginning of the period, the Group's revenue from continuing operations would have increased to £1,097 million and the operating profit before exceptional items for the Group would have remained at £120 million.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of SAT Corporation and Quantum Engineering Inc. with those of the Group.

9. Pensions and post-retirement benefits

Changes in the present value of the defined benefit obligation for the half year ended 30 September 2008 were as follows:

	Funded schemes			Unfunded schemes			
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	Total £m	Half year ended 30 September 2007 Total £m
Opening present value of defined benefit obligation	(3,888)	(695)	(211)	(26)	(119)	(4,939)	(5,202)
Current service cost	(5)	(4)	(3)	–	(1)	(13)	(15)
Contributions by employees	(1)	–	(1)	–	–	(2)	(1)
Benefit payments	113	23	3	1	6	146	138
Interest on plan liabilities	(118)	(23)	(6)	(1)	(3)	(151)	(139)
Actuarial gains	81	82	11	–	–	174	286
Transfer	–	–	4	–	–	4	–
Settlement	–	–	–	–	2	2	–
Curtailments	–	–	–	–	–	–	1
Exchange adjustments	–	(74)	(5)	(3)	(3)	(85)	22
Closing present value of defined benefit obligation	(3,818)	(691)	(208)	(29)	(118)	(4,864)	(4,910)

Changes in the fair value of plan assets for the half year ended 30 September 2008 were as follows:

	Funded schemes				
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	Total £m	Half year ended 30 September 2007 Total £m
Opening fair value of plan assets	3,878	663	180	4,721	4,680
Expected return on plan assets	105	22	7	134	131
Contributions by employer	16	5	4	25	18
Contributions by employees	1	–	1	2	1
Benefit payments	(113)	(23)	(3)	(139)	(132)
Actuarial losses	(72)	(65)	(7)	(144)	(69)
Transfer	–	–	(4)	(4)	–
Curtailments	–	–	–	–	(1)
Exchange adjustments	–	72	5	77	(19)
Closing fair value of plan assets	3,815	674	183	4,672	4,609

9. Pensions and post-retirement benefits (Continued)

Reconciliation of assets and liabilities recognised in the balance sheet as at 30 September 2008:

	Funded schemes			Unfunded schemes			
	Invensys Pension Scheme (UK) £m	Invensys Pension Plan (US) £m	Other £m	US healthcare £m	Other £m	Total £m	Half year as at 30 September 2007 Total £m
Present value of defined benefit obligation	(3,818)	(691)	(208)	(29)	(118)	(4,864)	(4,910)
Fair value of plan assets	3,815	674	183	–	–	4,672	4,609
Deficit in the plan	(3)	(17)	(25)	(29)	(118)	(192)	(301)
Restrictions of asset recognised	–	–	(1)	–	–	(1)	–
Irrecoverable element of potential future pension surplus	(95)	–	–	–	–	(95)	(49)
Net liability	(98)	(17)	(26)	(29)	(118)	(288)	(350)

Changes in key assumptions

The following assumptions have been updated for the Invensys Pension Scheme (UK):

The discount rate applied is 6.20% (FY 2007/08: 6.10%). The inflation assumption has been assessed at 3.70% (FY 2007/08: 3.70%). With regards to mortality tables, the PA92 projected by year of birth with medium cohort projections subject to a 1% underpin and applying multipliers of 122% for males and 135% for females have been used (FY 2007/08: mortality tables PA92 were adopted using year of birth and medium cohort projections. Probability of death at each age was multiplied by 126%).

Adoption of IFRIC 14

As stated in note 1 IFRIC 14 (IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) is expected to be endorsed by the EU before the end of the year and as a result, in accordance with IAS 34, the Group has applied IFRIC 14 in these financial statements. In line with the transitional provisions of IFRIC 14, the change in accounting policy is effective from 1 April 2008, with the comparatives restated accordingly. Only the UK Main Scheme has been affected by the adoption.

The Group is committed to make payments to the UK Main Scheme under a deficit funding plan agreed by the Trustees. Where the present value of the agreed funding payments exceeds the liability in respect of the Scheme as measured under IFRS, and would therefore, when paid, give rise to a surplus as measured under IFRS, IFRIC 14 requires a provision to be made for any part of that surplus that would not be recoverable. Any surplus on the UK Main Scheme ultimately repaid by the Trustees would currently be subject to a 35% tax charge prior to being repaid. IFRIC 14 effectively requires a liability for this tax to be recognised at the relevant balance sheet date.

At 1 April 2007, the net defined benefit obligation was £243 million, and the net present value of liabilities arising from future minimum funding requirements was £219 million. After taking account of those future funding requirements, the net position remains a deficit, therefore there is no surplus to be recovered and

9. Pensions and post-retirement benefits (Continued)

hence no liability to tax thereon. The impact therefore of adopting IFRIC 14 as at 1 April 2007 is £nil. The table below shows the position at each of the subsequent balance sheet dates.

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
IAS 19 net defined benefit obligation	(3)	(71)	(10)
Future minimum funding requirements	275	211	198
Potential future pension surplus	272	140	188
Irrecoverable element of potential future pension surplus	(95)	(49)	(66)
Recoverable element of potential future pension surplus	177	91	122
Movement in irrecoverable element of potential future pension surplus	(29)	(49)	(66)

The net pension liability has been restated to reflect the liability arising on the irrecoverable element of the potential pension surplus for each of the periods presented. The movement in the irrecoverable element of the potential pension surplus is taken directly to the Statement of Recognised Income and Expenditure. The net pension liability of £350 million at 30 September 2007 (31 March 2008: £284 million) has been restated by an increase in liability of £49 million (31 March 2008: £66 million) to reflect the liability for the irrecoverable element of a potential future pension surplus.

10. Assets and liabilities held for sale

Assets and liabilities held for sale as at 30 September 2008 consist of a £25 million investment in CompAir Holdings Ltd, together with surplus freehold properties. At 31 March 2008 assets and liabilities held for sale consist of surplus freehold properties. Assets and liabilities held for sale as at 30 September 2007 consist of the assets and liabilities of the APV business, a small Reversing Valves business within the Controls segment (which were sold in the year ended 31 March 2008) and surplus freehold properties.

11. Reconciliation of movements in equity

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m (Restated)	Year ended 31 March 2008 £m (Restated)
Opening equity	380	(140)	(140)
Total recognised income for the period	135	233	527
Share-based payment	3	(8)	(5)
Dividends paid to minority interests	–	(1)	(1)
Disposal of subsidiaries	–	–	(1)
At end of period	518	84	380
Attributable to:			
Equity holders of the parent	446	22	311
Minority interests	72	62	69
	518	84	380

12. Reconciliation of cash flows

	Half year ended 30 September 2008 £m	Half year ended 30 September 2007 £m	Year ended 31 March 2008 £m
Net cash flows from operating activities	192	29	51
Capital expenditure included within investing activities	(24)	(25)	(58)
Interest paid	7	26	55
Exceptional finance costs	–	–	18
Pension contributions on disposal of operations	2	–	55
Taxation paid (operating)	15	14	33
Restructuring	13	12	31
PPP settlement proceeds	(95)	–	–
Legacy items:			
Pension contributions	17	9	47
Taxation paid (legacy)	–	–	4
Other legacy payments	8	5	11
	25	14	62
Operating cash flow	135	70	247
Restructuring	(13)	(12)	(31)
Net finance costs paid	–	(19)	(39)
Exceptional finance costs	–	–	(18)
PPP settlement proceeds	95	–	–
Taxation paid (operating)	(15)	(14)	(33)
Legacy items	(25)	(14)	(62)
Free cash flow	177	11	64
Operating cash flow attributable to:			
Continuing operations	135	83	258
Discontinued operations	–	(13)	(11)
	135	70	247

The directors consider that the best measure of the Group's cash performance is free cash flow, as calculated above.

13. Events after the balance sheet date

As mentioned in note 10, at 30 September 2008 the investment in CompAir Holdings Ltd was included in the balance sheet within assets held for sale at a carrying amount of £25 million, being its estimated fair value at the balance sheet date. On 20 October 2008, the Group completed the sale of the investment to Gardner Denver, Inc.

14. Exchange rates

	Half year ended 30 September 2008 Average	Half year ended 30 September 2007 Average	Year ended 31 March 2008 Average
US$ to £1	1.94	2.01	2.01
Euro to £1	1.26	1.47	1.42

14. Exchange rates (Continued)

	As at 30 September 2008 Closing	As at 30 September 2007 Closing	As at 31 March 2008 Closing
US$ to £1	1.78	2.04	1.99
Euro to £1	1.26	1.43	1.26

15. Related party transactions

Remuneration of key management personnel:

The key management comprises the executive directors as disclosed in the 31 March 2008 Annual report and accounts. Their remuneration consisted of short-term benefits for the half year of £0.9 million (H1 2007/08: £0.8 million) and share based payments of £1.3 million (H1 2007/08: £0.6 million).

There are no other related parties transactions, or changes since the last Annual report and accounts, that have a material effect on the financial position or performance of the Group in the period.

16. Contingent liabilities

There have been no material changes in the Group's contingent liabilities since the last annual balance sheet date.

17. Financial information

This half-yearly financial report was approved by a duly appointed and authorised committee of the Board of Directors on 5 November 2008. This statement does not comprise the statutory accounts of the Group, as defined in section 240 of the Companies Act 1985. The financial information for the half year ended 30 September 2008 is unaudited. The financial information for the balance sheet as at 31 March 2008 has been extracted and restated for IFRIC 14, from statutory accounts on which an unqualified audit report has been issued.

The statutory accounts of Invensys plc for the year ended 31 March 2008 have been delivered to the Registrar of Companies. The auditors, Ernst & Young LLP, reported on those accounts in accordance with section 235 of the Companies Act 1985 and their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) The condensed set of financial statements for the six months to 30 September 2008 have been prepared in accordance with IAS 34, as adopted by the EU;

b) This half-yearly financial report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of principal risks and uncertainties for the remaining six months of the financial year); and

c) This half-yearly financial report includes a fair review of the information required by DTR 4.2.8R (being the disclosure of related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties transactions described in the last Annual report and accounts that could have a material effect on the financial position or performance of the Group within the first six months of the financial year).

By order of the Board

U C I Henriksson Chief Executive	S Hare Chief Financial Officer

5 November 2008

The directors of Invensys plc are listed on pages 10 and 11 of the Invensys plc 2008 Annual report and accounts. There have been no changes of directors since the Annual report and accounts.

This half-yearly financial report contains certain statements that are forward-looking. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by these statements and a number of factors could cause the results and developments to differ materially from those expressed or implied by these forward-looking statements.

INDEPENDENT REVIEW REPORT TO INVENSYS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the Consolidated income statement, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of recognised income and expense and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
5 November 2008

INVENSYS PLC
BALANCE SHEET

	Note 1	31 March 2008	30 September 2008
		£m	£m
FIXED ASSETS			
Investments in subsidiary undertakings		3,017	3,017
		3,017	3,017
CURRENT ASSETS			
Debtors: amounts falling due within one year		428	9
Debtors: amounts falling due after more than one year		–	5
Cash and short term deposits		7	–
		435	14
Creditors:			
Amounts falling due within one year		–	–
Other creditors		(686)	(706)
		(686)	(706)
NET CURRENT LIABILITIES		(251)	(692)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,766	2,325
Creditors:			
Amounts falling due after more than one year			
Long term borrowings		(6)	(7)
Other creditors		(24)	(24)
		(30)	(31)
		2,736	2,294
CAPITAL AND RESERVES			
Called up share capital		80	80
Treasury shares		(7)	(7)
Share premium account		740	740
Merger reserve		927	927
Capital redemption reserve		923	923
P & L reserves—distributable	Note 2	73	(1,742)
P & L reserves—non-distributable		–	1,373
		2,736	2,294

Note 1 The statement does not comprise the statutory accounts of the Company. The balance sheet as at 30 September 2008 is unaudited. The balance sheet as at 31 March 2008 has been extracted from statutory accounts on which an unqualified audit report has been issued.

Note 2 The principal movements in P & L reserves are as follows:

(i) The P & L reserves have been split between that deemed distributable and that which is non-distributable

P & L reserves—distributable	(1,300)	
P & L reserves—non-distributable	1,373	Arising from intercompany profits
	73	

(ii) The loss for the period of £442m predominantly reflects the reallocation of payments for taxation group relief of £428m

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