

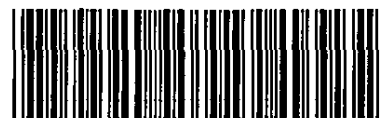
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IRELAND
ABB LIMITED
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Directors' report and financial statements for the year ended
31 December 2007

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ABB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2007

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ABB LIMITED

COMPANY INFORMATION

DIRECTORS

F. Duggan – Chairman
S.E. Jakobsson (Swedish)

ALTERNATE DIRECTORS

A. de Lange (Dutch) *(to S.E. Jakobsson)*
P. O'Mahony *(to F. Duggan)*
A. McFeely *(to F. Duggan)*

SECRETARY

A. de Lange (Dutch)

REGISTERED NUMBER OF INCORPORATION

265676

REGISTERED OFFICE

Belgard Road,
Tallaght,
Dublin 24.

SOLICITORS

Arthur Cox,
Earlsfort Centre,
Earlsfort Terrace,
Dublin 2.

BANKERS

Allied Irish Banks plc,
Bank Centre,
Ballsbridge,
Dublin 4.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

ABB LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007

The directors present herewith their report and audited financial statements for the year ended 31 December 2007.

REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

The group is engaged in the electro-technical industry, specialising in electrical distribution equipment and in the manufacture and distribution of telecommunication and electrical cables. From 1 January 2006, ABB Limited took over the trade of ABB Holdings Ireland Limited. The net liabilities of the company were transferred to ABB Limited on 31 December 2005.

In November 2006 the company sold the net assets of its cabling division which manufactured auto cables. The disposal of these operations represented the company's exit from these activities. As a result of the change and focus of the company's operations that this represented, it has been treated as a discontinued operation in the profit and loss account. The loss on sale of operations included in the profit and loss account in 2006 is €28,264,000.

Operating profit from continuing operations increased by €9,012,000 to €8,093,000 (2006: (€919,000)) with a profit after interest and tax of €7,353,000 (2006: loss €39,599,000).

FINANCIAL PERFORMANCE INDICATORS

The company's key measures of financial performance are revenue growth, EBITDA (earnings before interest, taxation, depreciation and amortisation) and Profit on Ordinary Activities after Taxation.

Revenue growth

The company's revenue from continuing operations is €179,890,000 in 2007 and €160,476,000 in 2006. The growth in revenue from continuing operations for 2007 as compared to 2006 is €19,414,000 or 12%.

EBITDA

Earnings before interest, taxation, depreciation and amortization is €12,124,000 in 2007 and €679,000 in 2006 (excluding exceptional items of €6,081,000 and loss on sale of operations of €28,264,000). The increase in EBITDA for 2007 as compared to 2006 is €11,445,000.

Profit on Ordinary Activities after Taxation

Profit on Ordinary Activities after Taxation is €7,353,000 in 2007 and a Loss on Ordinary Activities after Taxation (excluding exceptional items of €6,081,000 and loss on sale of operations of €28,264,000) of €5,254,000 in 2006. The increase in Profit on Ordinary Activities after Taxation for 2007 as compared to the loss in 2006 is €12,607,000.

RISK ANALYSIS

Under Irish Company Law, the company is required to give a description of the principal risks and uncertainties which it faces. These principal risks are set out hereunder:

- Significant changes in the market place in which the business operates;
- Loss of our key management and other personnel;
- Our business is affected by the economic climate; and
- We are subject to environmental laws and regulations.

The company has insurances, business policies and organisational structures to limit these risks and the Board of Directors regularly review, re-assess and proactively limit these risks.

ABB LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

EMPLOYEE MATTERS

The company continues to consider health and safety to be one of the highest priorities and a fundamental element of being a successful business. The company is committed to achieving the highest reasonable practical standards of health, safety and welfare for its employees, contractors, customers and visitors. The company actively engages with local government agencies, trade associations and other similar bodies to promote the benefits of a safe and healthy working environment.

THE ENVIRONMENT

Environmental management is one of the company's highest business priorities and the company continues to strive to improve its social and environmental performance continually. The company's social and environmental efforts include:

- Fostering initiatives for economic, environmental, social and educational development;
- Offering customers eco-efficient products that save energy and are safe to use, that optimise the use of natural resources, minimise waste and reduce environmental impact over their complete life cycles; and
- Ensuring that the company's operations and processes comply with applicable environmental standards and legislation.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2007

The profit and loss account for the year ended 31 December 2007 and the balance sheet at that date are set out on pages 9 and 11. The profit on ordinary activities for the year before taxation amounted to €7,867,000 compared with a loss of €39,640,000 in the previous year. After deducting taxation of €514,000 an amount of €7,353,000 is available for retention.

NON PREPARATION OF GROUP FINANCIAL STATEMENTS

The Company has availed of the exemption in Regulation 9A of the European Communities (Companies: Group Accounts) Regulations, 1992 from preparing and delivering consolidated financial statements. The results of the Company and all its subsidiaries are included in the consolidated financial statements of its ultimate parent ABB Asea Brown Boveri Limited which have been prepared in accordance with US GAAP. The consolidated financial statements of ABB Asea Brown Boveri Limited are available from its registered office at PO Box 8131, CH-8050 Zurich, Switzerland.

These financial statements present information about the Company as an individual undertaking and not about its Group.

FUTURE DEVELOPMENTS

The directors aim to maintain the current management policies. The company strives to increase the growth in sales.

DIVIDENDS

No dividends have been proposed or paid during the year (2006: €Nil).

ABB LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

SUBSIDIARY UNDERTAKINGS

The statutory information concerning subsidiary undertakings, which are all incorporated in the Republic of Ireland, required by Section 158 of the Companies Act, 1963 and Section 16 of the Companies (Amendment) Act, 1986 is given in Note 11 to the financial statements.

DIRECTORS

In accordance with the company's Articles of Association, the directors are not required to retire by rotation. The present directors are as listed on page 2 and, unless otherwise indicated, have served throughout the year.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The interest and beneficial interest of the directors and company secretary, who held office at 31 December 2007, in the shares and options of the company and group undertakings is as follows:

	<i>2007 Number of shares</i>	<i>2006 Number of shares</i>
<i>ABB Asea Brown Boveri Limited</i>		
Mr. F. Duggan	4,900	4,400
Mr. S.E. Jakobsson	13,784	13,234
Mr. A. de Lange	2,277	1,714

IMPORTANT EVENTS SINCE THE YEAR END

There were no important events since the year end.

BOOKS AND ACCOUNTING RECORDS

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the company. To achieve this, the directors have appointed a professionally qualified financial controller, who reports to the board, to ensure that the requirements of Section 202 of the Companies Act 1990, are complied with.

Those books and accounting records are maintained at the company's principal place of business which is located at Belgard Road, Tallaght, Dublin 24.

ABB LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standard Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the provisions of the Companies Acts, 1963 to 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

ARIE DE LANGE
FRANK DUGGAN
Directors

14 November 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED

We have audited the financial statements of ABB Limited for the year ended 31 December 2007, which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions with the company is not given and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Continued /...

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED (Continued)

Basis of audit opinion (Continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

18 November 2008

ABB LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

		2007	2006
	Note	€'000	€'000
Turnover			
Continuing operations	2	178,846	160,476
Discontinued operations	2	-	76,113
Raw materials and consumables		(132,639)	(200,771)
Exceptional :			
Forgiveness of intercompany loans	4	-	(4,968)
Restructuring costs - continuing operations	5	-	(1,113)
Staff costs	6	(26,131)	(32,247)
Depreciation and amortisation		(3,701)	(3,605)
Other operating charges		(8,282)	(3,834)
Operating profit / (loss)			
Continuing operations		8,093	(919)
Discontinued operations		-	(9,030)
Loss on sale of operations		-	(28,264)
Interest receivable and similar income		303	27
Interest payable and similar charges	7	(1,039)	(2,396)
Other finance income	8	510	942
Profit / (loss) on ordinary activities before taxation	9	7,867	(39,640)
Tax on profit / (loss) on ordinary activities	10	(514)	41
Profit / (loss) for the financial year		7,353	(39,599)

Approved by the Board on 14 November 2008

ARIE DE LANGE
FRANK DUGGAN
Directors

ABB LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
for the year ended 31 December 2007

		<i>2007</i>	<i>2006</i>
	<i>Note</i>	<i>€'000</i>	<i>€'000</i>
Profit / (loss) for the financial year		7,353	(39,599)
Actuarial gain on pension scheme	24	2,150	7,285
Current Tax transferred from Profit and Loss Account		98	(55)
Deferred tax effect of FRS 17 adjustments		(367)	(855)
		<hr/>	<hr/>
Total recognised gains and losses for the year		<u>9,234</u>	<u>(33,224)</u>

ABB LIMITED**BALANCE SHEET
at 31 December 2007**

	Note	2007 €'000	2006 €'000
FIXED ASSETS			
Financial Assets	11	-	-
Intangible assets	12	13,874	14,741
Tangible assets	13	13,499	15,024
		<u>27,373</u>	<u>29,765</u>
CURRENT ASSETS			
Stocks	14	27,236	20,424
Debtors	15	42,857	59,819
Cash at bank and in hand		10,183	3,634
		<u>80,276</u>	<u>83,877</u>
CREDITORS (amounts falling due within one year)	16	(64,669)	(78,546)
NET CURRENT ASSETS		<u>15,607</u>	<u>5,331</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,980</u>	<u>35,096</u>
PENSION ASSETS / (LIABILITIES)	24	2,154	(413)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	(387)	(292)
Product warranty provision	19	(2,860)	(1,738)
		<u>41,887</u>	<u>32,653</u>
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	20	635	635
Other reserves	21	187,417	187,417
Profit and loss account	21	(146,165)	(155,399)
		<u>41,887</u>	<u>32,653</u>
Shareholders' funds	22	<u>41,887</u>	<u>32,653</u>

Approved by the Board on 14 November 2008

ARIE DE LANGE
FRANK DUGGAN
Directors

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2007

1. ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006.

(b) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(c) *Cash flow statement*

The company has availed of the concession in FRS 1 "Cash Flow Statements" which exempts a subsidiary undertaking from the requirement to prepare a cash flow statement on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

(d) *Turnover*

Turnover represents the invoice value of sales less relevant sales taxes.

(e) *Financial assets*

Investments in subsidiary undertakings are shown at cost less provision for impairment.

(f) *Foreign currencies*

The financial statements are expressed in euros (€).

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

(g) *Fixed assets*

Tangible fixed assets are carried at cost less accumulated depreciation and provisions for impairment. The cost of an asset is made up of the purchase price of the asset plus any costs directly attributable to bringing the asset into working condition for its intended use.

Freehold land is not depreciated. For other assets depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives annually on the straight line method as follows:

Buildings	2.5%
Building improvements	20%
Plant and equipment	10% to 12.5%
Motor vehicles	20%
Computer equipment	20%
Computer Software	33.3%
Office equipment	12.5%

Write downs of fixed assets are made to reflect any permanent diminution in values.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

(h) *Impairment of fixed assets*

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Under Irish GAAP, impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of, less any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those anticipated to be realised on its eventual disposal.

(i) *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value and net of amounts received and receivable on account. Cost is determined on a first in first out basis and includes transport and handling costs. In the case of work in progress, cost includes direct materials and labour costs plus attributable overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

(j) *Long term contracts*

Attributable profit on long-term contracts is recognised using the percentage-of-completion method of accounting and principally use the cost-to-cost or delivery events method to measure progress towards completion on contracts. The method used by type of contract is based on judgment as to which method best measures progress towards completion on contracts.

(k) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

(l) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. Leasing charges under finance leases are charged to revenue in the year incurred as estimated under the sum of digits method. Assets held under operating leases are not capitalised in the financial statements and the related lease charges are expensed in the financial statements over the term of the relevant lease agreements.

(m) Warranties for products

Provision is made for the estimated liability on all products still under warranty, including claims already received.

(n) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

(o) Goodwill

Goodwill comprises the net excess cost of the company's interest in businesses acquired over the fair value of the identifiable net assets attributable thereto at the effective date of acquisition.

Goodwill arising on acquisitions is capitalised and reviewed on a case-by-case basis to determine its most useful economic life.

Where the useful economic life of goodwill exceeds twenty years, or is deemed to have an indefinite life, annual impairment reviews are carried out to ensure that carrying values remain appropriate.

(o) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition.

Intangible assets are amortised on a straight-line basis on their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods where events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

(p) *Pension benefits*

The company operates a number of defined benefit pension schemes which are funded. A full actuarial valuation is undertaken every three years and is updated to reflect current conditions in the intervening periods. Scheme assets are valued at market value. Scheme liabilities are measured on an actuarial basis, using the projected unit method and discounted at the current rate of return on a high quality discount bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. Actuarial gains and losses are recognised immediately in the statement of recognised gains and losses. The current service cost and past service cost of the defined benefit schemes is charged to operating profit and the expected return on assets net of the change in the present value of the scheme liabilities arising from the passage of time, is credited to other finance income.

The company also operates a defined contribution scheme. Pension benefits are funded over the employees' period of service by way of contributions to a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

(q) *Shared based payments*

The company operates two employee incentive plans, which are described more fully in Note 25.

Management Incentive Plan

Equity settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which relevant employees become fully entitled to the award. Fair value is determined by using an appropriate valuation model.

At each balance sheet date before vesting, the cumulative expense is recalculated, representing the extent to which the vesting period has expired. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement.

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to the equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

For awards granted before 7 November 2002, the company recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

(q) Shared based payments (continued)

Cash settled transactions

The cost of cash settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award by the number of outstanding options. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in the profit or loss for the period.

2. TURNOVER

In the opinion of the directors, the disclosures required by Paragraph 41 of the Schedule to the Companies (Amendment) Act 1986 would be seriously prejudicial to the interests of the company and the directors have availed of the exemption contained within Paragraph 41 Section 5 of the Schedule to the Companies (Amendment) Act 1986.

3. NON-PREPARATION OF GROUP FINANCIAL STATEMENTS

The Company has availed of the exemption in Regulation 9A of the European Communities (Companies: Group Accounts) Regulations, 1992 from preparing and delivering consolidated financial statements. The results of the Company and all its subsidiaries are included in the consolidated financial statements of its ultimate parent ABB Asea Brown Boveri Limited which have been prepared in accordance with US GAAP. The consolidated financial statements of ABB Asea Brown Boveri Limited are available from its registered office at PO Box 8131, CH-8050 Zurich, Switzerland.

These financial statements present information about the Company as an individual undertaking and not about its Group.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (continued)

4.	FORGIVENESS OF INTERCOMPANY LOANS	2007	2006
		€'000	€'000

Amounts due from other group undertakings, written-off:

Non-trading	—	4,968
	<u>—</u>	<u>4,968</u>

As a result of a group restructuring the company agreed to write off all amounts due from an other group undertaking, ABB Holdings Ireland Limited, as at 31 December 2006.

5. **RESTRUCTURING COSTS**

During the year ended 31 December 2006 the company incurred costs of €1,113,000 in relation to the restructuring of operations.

	2007	2006
	€000	€000
Redundancy costs	—	760
Other operating costs	—	353
	<u>—</u>	<u>1,113</u>
	<u>—</u>	<u>1,113</u>

6. **EMPLOYEES**

The average number of persons employed by the company (including directors) during the year was as follows:

	2007	2006
	Number	Number
Selling	59	86
Operations	375	443
Management and administration	67	68
	<u>501</u>	<u>597</u>
	<u>501</u>	<u>597</u>

	2007	2006
	€'000	€'000
The staff costs comprise:		
Salaries and wages	20,767	26,773
Social welfare costs	2,703	2,822
Pension and other costs	2,661	2,652
	<u>26,131</u>	<u>32,247</u>
	<u>26,131</u>	<u>32,247</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2007 (Continued)**

7.	INTEREST PAYABLE AND SIMILAR CHARGES	2007 €'000	2006 €'000
	Bank overdraft repayable within one year	13	314
	Interest payable to group undertakings	1,026	2,082
		<u>1,039</u>	<u>2,396</u>

8. OTHER FINANCE INCOME

Under FRS 17 'Retirement benefits', the net of the interest cost on liabilities and the expected return on assets is to be recorded as other finance income adjacent to interest. The interest cost represents the unwinding of the discount on the scheme liabilities. The expected return on assets is based on the long-term expectations at the beginning of the period.

A description of the retirement benefit schemes operated by the company is provided in Note 24.

9.	PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2007 €'000	2006 €'000
	The profit / (loss) on ordinary activities before taxation is stated after charging:		
	Directors remuneration		
	Salaries	323	273
	Other emoluments including pension contributions	87	70
	Depreciation and Amortisation	3,701	3,605
	Auditors' remuneration	100	131
	Hire of equipment and vehicles:		
	Operating leases	762	642
	Research and development	2,557	2,041
	Foreign exchange differences	144	235
		<u></u>	<u></u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2007 (Continued)**

10.	TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES	2007 €'000	2006 €'000
(a)	Analysis of profit and loss account charge:		
	Current tax:		
	Republic of Ireland corporation tax on profit / (loss) of the year at 12.5%	311	41
	Adjustment in respect of prior year	10	-
	Current tax transferred to the Statement of Total Recognised Gains and Losses	98	(55)
	Total current tax (see reconciliation below)	419	(14)
	Deferred tax:		
	Origination and reversal of timing differences	95	(27)
	Total deferred tax (note 18)	95	(27)
	Tax charge/(credit) on profit/(loss) on ordinary activities	514	(41)

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

10. TAX ON PROFIT / (LOSS) ON ORDINARY
 ACTIVITIES (continued)

- (b) Reconciliation of the expected tax charge / (credit) at the standard tax rate to the actual tax charge / (credit) at the effective rate.

The tax assessed for the year is lower than the standard rate of corporation tax in the Republic of Ireland 12.5%. The differences are explained below:

	2007 €'000	2006 €'000
Profit / (loss) on ordinary activities before taxation	7,867	(39,640)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	983	(4,955)
<i>Effects of:</i>		
Expenses not deductible for tax purposes (including goodwill amortisation)	137	324
Capital allowances for year in excess of depreciation	139	21
Higher rates of tax on other income	26	38
Pension	(135)	(293)
Exceptional items:		
-forgiveness of intercompany loan	-	621
-loss on sale of operations	-	3,333
Tax value of unutilised trading losses	-	897
Sale of Fixed Assets	2	-
Manufacturing relief	(83)	-
Research and development credit	(660)	-
Under provision in respect of prior year	10	-
Total current tax	419	(14)

- (c) *Circumstances affecting current and future tax charges*
 The tax charge in future years will be affected by changes to the rates of Irish Corporation Tax.

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 December 2007 (Continued)**

11.	FINANCIAL FIXED ASSETS	2007 €'000	2006 €'000
	<i>Shares in group undertaking, unlisted at cost</i>	-	-
	At beginning and end of year	<u>-</u>	<u>-</u>

At 31 December 2007, the company had the following subsidiary undertakings, all of which operated principally in their country of origin.

<i>Name</i>	<i>Nature of business</i>	<i>Holding</i>	<i>Registered office</i>
ABB Holdings Ireland Limited	Dormant	100%	Belgard Road, Tallaght, Dublin 24.

In the opinion of the directors the shares in the Company's subsidiaries are worth the amounts at which they are stated in the balance sheet.

12.	INTANGIBLE ASSETS	Goodwill €'000	Total €'000
	Cost		
	At 1 January 2007	14,741	14,741
	Amortisation	(867)	(867)
		<u>13,874</u>	<u>13,874</u>
	At 31 December 2007	<u>13,874</u>	<u>13,874</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings €'000	Office equipment €'000	Motor vehicles €'000	Plant and equipment €'000	Computer equipment €'000	Computer Software €'000	Total €'000
<i>Cost</i>							
At 1 January 2007	12,059	1,788	185	12,125	1,822	1,540	29,519
Additions	233	106	-	555	254	198	1,346
Disposals	-	(34)	(106)	-	(413)	-	(553)
At 31 December 2007	12,292	1,860	79	12,680	1,663	1,738	30,312
<i>Depreciation</i>							
At 1 January 2007	4,176	1,087	102	7,355	1,520	255	14,495
Charge for the year	754	186	20	1,031	228	615	2,834
Disposals	-	(30)	(80)	-	(406)	-	(516)
At 31 December 2007	4,930	1,243	42	8,386	1,342	870	16,813
<i>Net book amounts</i>							
At 31 December 2007	7,362	617	37	4,294	321	868	13,499
At 31 December 2006	7,883	701	83	4,770	302	1,285	15,024

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (Continued)

14. STOCKS		
	2007	2006
	€'000	€'000
Raw Materials	8,493	2,657
Materials for resale	4,401	4,962
Work in progress	12,219	6,360
Finished goods	2,123	6,445
	<u>27,236</u>	<u>20,424</u>

The replacement cost of stocks does not differ significantly from the balance sheet amounts.

15. DEBTORS (amounts falling due within one year)	2007	2006
	€'000	€'000
Trade debtors	23,458	45,357
Amounts owed by fellow subsidiaries	18,255	14,275
Prepayments and accrued income	1,144	187
	<u>42,857</u>	<u>59,819</u>

16. CREDITORS (amounts falling due within one year)	2007	2006
	€'000	€'000
Bank Overdraft	1,330	-
Trade creditors	21,151	19,224
Amounts owed to group undertakings	18,370	19,255
Taxation and social welfare (<i>note 17</i>)	3,500	4,067
Accruals and other creditors	5,603	5,860
Provisions and warranties	2,215	9,080
Short term borrowings from group undertakings	12,500	21,060
	<u>64,669</u>	<u>78,546</u>

The company has given a letter of lien to secure obligations with respect to all credit balances held on the company's accounts with Allied Irish Banks plc.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (Continued)

17.	TAXATION AND SOCIAL WELFARE	2007	2006
		€'000	€'000
	Taxation and social welfare creditors are as follows:		
	Corporation tax	272	41
	PAYE and PRSI	653	1,234
	Value added tax	2,575	2,792
		<u>3,500</u>	<u>4,067</u>

18.	DEFERRED TAXATION	2007	2006
		€'000	€'000
	At beginning of year	292	319
	Charge / (credit) for the year	95	(27)
		<u>387</u>	<u>292</u>

The full potential liability to deferred taxation which arises from the utilisation of accelerated capital allowances on capital expenditure has been provided for in the financial statements.

The pension and post retirement liabilities have been shown net of the related deferred tax.

19.	PRODUCT WARRANTY PROVISION	2007	2006
		€'000	€'000
	At beginning of year	1,738	1,883
	Utilised	(150)	(654)
	Provided	1,272	509
		<u>2,860</u>	<u>1,738</u>

Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the estimated cost of honouring unexpired warranties. The expected timing of any payments under such guarantees and warranties is uncertain.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (Continued)

20.	CALLED UP SHARE CAPITAL	2007	2006
		€'000	€'000
	<i>Authorised</i>		
	500,000 ordinary shares of €1.269738 each	635	635
		<u> </u>	<u> </u>
	<i>Allotted, called up and fully paid</i>		
	500,000 ordinary shares of €1.269738 each	635	635
		<u> </u>	<u> </u>
21.	MOVEMENT IN RESERVES		
		<i>Other</i>	<i>Profit and</i>
		<i>reserves</i>	<i>loss account</i>
		€'000	€'000
	At 1 January 2007	187,417	(155,399)
	Profit / (loss) for year	-	7,353
	Actuarial gain on pension scheme	-	2,150
	Movement on deferred tax relating to pension scheme	-	(269)
		<u> </u>	<u> </u>
	At 31 December 2007	187,417	(146,165)
		<u> </u>	<u> </u>
22.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2007	2006
		€'000	€'000
	Shareholders' funds at beginning of year	32,653	22,877
	Profit / (loss) for the financial year	7,353	(39,599)
	Actuarial gain on pension scheme	2,150	7,286
	Movement on deferred tax relating to pension scheme	(269)	(911)
	Capital contribution	-	43,000
		<u> </u>	<u> </u>
	Shareholders' funds at end of year	41,887	32,653
		<u> </u>	<u> </u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007(Continued)

23. CONTINGENT LIABILITIES

Under agreements with the Industrial Development Authority, there exists a contingent liability to repay, in whole or in part, employment grants received of €554,000 if certain circumstances set out in the agreements occur within five years of receipt of the grants.

AIB held performance guarantees of €4,700,000 that were issued and still valid at the 31 December 2007.

24. PENSION

ABB Limited operates four defined benefit pension schemes for certain employees and executive directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

In addition, the company operate a defined contribution scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to €128,000 (2006: €Nil). There were no contributions payable to the fund at the year end.

Full actuarial valuations are carried out every three years for each of the four defined benefit schemes by a qualified independent actuary using the projected unit method. The actuarial reports are available for inspection by members of the scheme only.

The main assumptions used by the actuary were:

	2007	2006	2005
	%	%	%
Rate of increase in salaries	3.80	3.80	3.80
Rate of increase to pensions in payment	0.50	1.36	1.36
Discount rate for scheme liabilities	5.75	4.64	4.25
Inflation	2.25	2.25	2.25

ABB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2007 (Continued)

24. PENSION (Continued)

The expected rates of return on the assets of the plans at the balance sheet dates were as follows:

	2007 %	2006 %	2005 %
Equities	7.50	7.50	7.50
Bonds	4.40	3.90	3.50
Property	6.00	6.00	6.00
Cash	-	0.65	-
Other	2.60	2.60	2.60

The fair value of the assets in the schemes and the present value of the liabilities in the schemes at the balance sheet dates were as follows:

	2007 €'000	2006 €'000	2005 €'000
Equities	20,620	19,745	41,419
Bonds	3,228	3,002	11,754
Property	1,379	1,290	2,002
Cash	-	123	-
Other	2,367	2,174	6,224
Total market value	27,594	26,334	61,419
Present value of scheme liabilities	(25,132)	(26,806)	(68,737)
Surplus / (deficit) in the schemes	2,462	(472)	(7,318)
Related deferred tax (liability) / asset	(308)	59	915
Net pension asset / (liability)	2,154	(413)	(6,403)

	2007 €'000	2006 €'000
<i>The amounts charged to operating profit /(loss) were:</i>		
Current service cost	1,102	1,885
Curtailment loss	-	1,405
Total operating charge	1,102	3,290

ABB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2007 (Continued)

24. PENSION (Continued)

	2007 €'000	2006 €'000
<i>Amounts charged to other finance charges</i>		
Interest on scheme liabilities	(1,259)	(2,890)
Expected return on scheme assets	1,769	3,832
Net return	<u>510</u>	<u>942</u>
<i>Analysis of amounts in the statement of total recognised gains and losses are:</i>		
	2007 €'000	2006 €'000
Actual return less expected return on assets	(2,490)	1,080
Experience gains and losses on liabilities	(120)	292
Changes in assumptions	4,760	5,913
Actuarial gain	2,150	7,285
Deferred tax charge	(269)	(910)
Actuarial gain recognised in statement of total recognised gains and losses	<u>1,881</u>	<u>6,375</u>
<i>Analysis of movements in surplus / (deficit) during the year:</i>		
	2007 €'000	2006 €'000
At beginning of the year	(472)	(7,318)
Movement in the year:		
Current service cost	(1,102)	(1,885)
Curtailment loss	-	(1,405)
Contributions paid	1,376	1,909
Other finance income	510	942
Actuarial gain	2,150	7,285
At end of the year	<u>2,462</u>	<u>(472)</u>

ABB LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 December 2007 (Continued)****24. PENSION (Continued)**

<i>History of experience of gains and losses:</i>	<i>2007</i>	<i>2006</i>
	<i>€'000</i>	<i>€'000</i>
Difference between the expected and actual return on scheme assets	(2,490)	1,080
Percentage of scheme assets	(9.02%)	4.10%
Experience gains and losses on scheme liabilities	(120)	292
Percentage of scheme liabilities	(0.48%)	0.01%
Changes in assumptions underlying the present value of scheme liabilities	4,760	5,913
Percentage of scheme liabilities	18.94%	22.06%

If the age profile within the scheme continues to increase, then under the Projected Unit Method of accounting for pension costs, the current service cost will increase as scheme members approach retirement.

25. SHARE-BASED PAYMENTS

The company has two stock-based employee incentive plans namely the Management Incentive Plan ('MIP') and Employee Share Acquisition Plan ('ESAP').

Management Incentive Plan

Under the MIP, ABB Asea Brown Boveri Limited, 'the Company' offers physically-settled warrants and cash-settled warrant appreciation rights (WARs) to key employees for no consideration. Each launch of the MIP is approved by the Company's Board of Directors.

Warrants granted under the MIP allow participants to purchase shares of the Company at predetermined prices. Participants may sell the warrants rather than exercise the right to purchase shares. Equivalent warrants are listed by a third-party bank on the SWX Swiss Exchange, which facilitates pricing and transferability of warrants granted under this plan. If the participant elects to sell the warrant on the market rather than exercise the right to purchase shares, the warrant may then be held by a non-employee of the Company. Each WAR gives the participant the right to receive, in cash, the market price of a warrant on the date of exercise of the WAR. The WARs are non-transferable.

Participants may exercise or sell warrants and exercise WARs after the vesting period, which is three years from the date of grant. Vesting restrictions can be waived in certain circumstances such as death or disability. All warrants and WARs expire six years from the date of grant. As the primary trading market for shares of the Company is the SWX Swiss Exchange (virt-x), the exercise prices of warrants and the trading prices of equivalent warrants listed on the SWX Swiss Exchange are denominated in Swiss francs. Accordingly, exercise prices are presented below in Swiss francs.

ABB LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2007 (Continued)

25. SHARE-BASED PAYMENTS (continued)

Warrants and options

The fair value of each warrant is estimated on the date of grant using a valuation model. There were no grants under the MIP in 2005. Expected volatilities are based on implied volatilities from traded warrants on the Company's shares. The expected term of the warrants granted has been assumed to be the contractual six year life of each warrant, based on the fact that after the vesting period, a participant can elect to sell the warrant on the market rather than exercise the right to purchase shares, thereby realising the time value of the warrants. The risk-free rate is based on a six-year Swiss franc interest rate, reflecting the six year contractual life of the options. In estimating forfeitures, the Company has used the data from previous comparable MIP launches.

	2007	2006
Expected Volatility	27%	28%
Dividend Yield	1.14%	1.06%
Expected Term	6 years	6 years
Risk-free interest rate	3.00%	2.30%

Presented below is a summary of warrant activity for the year ended 31 December 2007:

Warrants	No.	WAEP CHF
Outstanding as at 1 January	137,500	7
Exercised	(137,500)	7
Employee Transfers	62,500	
Outstanding at 31 December	62,500	7

WARS

As each WAR gives the holder the right to receive cash equal to the market price of an equivalent listed warrant on date of exercise, the Company records a liability based upon the fair value of the outstanding WARs at each period end, accreted on a straight line basis over the three year vesting period.

WARS	No.	WAEP CHF
Outstanding as at 1 January	1,275,000	11.48
Granted during the year	285,535	26.00
Exercised	(75,000)	7.50
Employee Transfers	211,985	16.76
Outstanding at 31 December	1,697,520	14.75

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (Continued)

25. SHARE-BASED PAYMENTS (continued)

Employee Share Acquisition Plan (ESAP)

The ESAP is an employee stock option plan with a savings feature. Employees save over a twelve month period, by way of monthly salary deductions. At the end of the savings period, employees choose whether to exercise their stock options using their savings plus interest to buy ABB Ltd shares at the exercise price set at the grant date, or have their savings returned with interest. The savings are accumulated in a bank account held by a third party trustee on behalf of the participants and earn interest. Employees can withdraw from the ESAP at any time during the savings period and will be entitled to a refund of their accumulated savings.

The fair value of each option is estimated on the date of grant using the same option valuation model as described under the MiP using the assumptions noted in the table below. The expected term of the option granted has been determined to be the contractual one-year life of each option, at the end of which the options vest and the participants are required to decide whether to exercise their options or have their savings returned with interest. The risk-free rate is based on one-year Swiss franc interest rates, reflecting the one year contractual life of the options. In estimating forfeitures, the Company has used the data from previous ESAP launches.

	2007	2006
Expected Volatility	34%	30%
Dividend Yield	0.89%	0.81%
Expected Term	1 year	1 year
Risk-free interest rate	2.82%	2.13%

Presented below is a summary of the activity under the ESAP during the year ended 31 December 2007:

	No.	WAEP	Weighted Average remaining contractual term (in years)
Outstanding as at 1 January	26,560	18.55	
Granted during the year	19,480	34.98	
Forfeited during the year	(1,280)	18.55	
Exercised	(24,445)	18.55	
Non-exercised	(285)	18.55	
Transferred	(540)	18.55	
Outstanding at 31 December	19,480	34.98	0.8
Exercisable at 31 December	-	-	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007 (Continued)

25. SHARE-BASED PAYMENTS (continued)

Employee Share Acquisition Plan (ESAP) (continued)

The exercise price per the share 34.98 Swiss francs, for the 2007 grant, 18.55 Swiss francs, for the 2006 grant were determined using the closing price of the ABB Limited share on SWX Swiss Exchange (virt-x) and ADS on the New York Stock Exchange on the respective grant dates.

The weighted average grant date fair value of options granted during the year was 4.93 Swiss francs (2005: 2.32 Swiss francs).

The expense recognized for share-based payments in respect of employee services received during the year to 31 December 2007 is €505,016 (2006:€598,572).

26. RELATED PARTIES

The company's immediate controlling party is ABB Holdings B.V., a company incorporated in The Netherlands.

The company's ultimate controlling party is ABB Asea Brown Boveri Limited, a company incorporated in Switzerland.

The company has taken advantage of the exemption granted in FRS 8, "Related Party Disclosures", from disclosing intra-group transactions as it is a wholly-owned subsidiary of its ultimate parent undertaking, ABB Asea Brown Boveri Limited, whose financial statements are publicly available.

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is ABB Asea Brown Boveri Limited, a company incorporated in Switzerland. Copies of its group financial statements are available from ABB Zurich, PO Box 8131, CH-8050 Zurich, Switzerland.

27. APPROVAL OF ACCOUNTS

The directors approved the financial statements and authorised them for issue on 14 November 2008.