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ABB Limited

Directors' report and financial statements for the year ended 31 December 2010

COMPANIES REGISTRATION OFFICE DUBLIN

REG NO. 265676.

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ABB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2010

TABLE OF CONTENTS *PAGE*

BR 008771
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COMPANY INFORMATION

DIRECTORS	S E Jakobsson (Sweden) T Gregory D Petticrew
ALTERNATE DIRECTORS	P O'Mahony to T Gregory W McLaughlin to T Gregory
SECRETARY	P O'Mahony
REGISTERED NUMBER	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

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DIRECTORS' REPORT
for the year ended 31 December 2010

The directors present herewith their report and audited financial statements for the year ended 31 December 2010

PRINCIPLE ACTIVITIES AND REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE FINANCIAL YEAR
The company is a member of the ABB Group and is owned by ABB Ltd Zurich, a company registered in Switzerland

The principal activities of the company in the year were the supply of power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact

During the previous year the company announced two major restructuring projects

On 25 June 2009 it was announced that the Transformer manufacturing plant based in Waterford would be closed during 2010

On 1 October 2009 it was announced that the QCS business carried out in Dundalk would be sold to ABB Asea Brown Boveri Ltd, Zurich Switzerland

Operating profit from continuing operations increased by €6,512,000 to €8,128,000 (2009 €1,616,000)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2010
The profit and loss account for the year ended 31 December 2010 and the balance sheet at that date are set out on pages 9 and 11 respectively The profit on ordinary activities for the year before taxation amounted to €7,532,000 compared with a loss of €28,988,000 in the previous year After crediting taxation of €204,000 a profit of €7,736,000 (2009 loss of €27,992,000) was taken to reserves

FINANCIAL PERFORMANCE INDICATORS
The company's key measures of financial performance are revenue growth, EBITDA (earnings before interest, taxation, depreciation and amortization) and profit on ordinary activities after taxation

Revenue growth
The company's revenue from continuing operations was €61,453,000 in 2010 and €73,978,000 in 2009 The decrease in revenue from continuing operations during 2010 compared to 2009 was €12,523,000 or 17% The decrease in revenue was due to the fact that some significant project revenue was recognised in 2009 with no recurring revenue in 2010

EBITDA
Profit before interest, taxation, depreciation and amortisation was €9,031 00 in 2010 compared to a loss of €20,930,000 in 2009 The increase in EBITDA for 2010 as compared to 2009 is €28,478,000 The increase in EBITA was driven by the fact that significant restructuring cost were booked in 2009 for the closure of the transformer manufacturing plant based in Waterford as well as the sale of the QCS business carried out in Dundalk

Profit / loss on Ordinary Activities after Taxation
Profit on ordinary activities after taxation was €7,736,000 in 2010 compared to a loss of €27,992,000 in 2009 The increase in profit/loss on Ordinary Activities after Taxation for 2010 as compared to 2009 was €35,728,000

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DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

PRINCIPLE RISKS AND UNCERTAINTIES

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

FINANCIAL RISK MANAGEMENT

The directors have considered and reviewed the provisions relating to the financial risk management objectives and policies of the company As part of this review, the directors have also considered the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk, in order that an overall assessment can be made of the company's assets, liabilities, results for the year and its financial position at the end of the year

Price risk

The company is exposed to price risk as a result of the activities of its competitors and this high level of competition can reduce the margins of the company

Cash flow risk

The company has a policy of maintaining non-interest bearing intercompany debt, periodically settled, to finance the company's short-term operations The directors, under the direction of the group, will revisit the appropriateness of this policy should the company's operations change in size or nature

Credit risk

The group to which the company belongs has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is continuously reassessed by the credit control department

Liquidity risk

The directors continuously review the amounts owed to and from group undertakings and take action as required to repatriate or make good any intercompany accounts necessary

FUTURE DEVELOPMENTS

It is the intention of the Directors to continue to develop the current activities of the Company in order to operate in a rapidly changing industry They consider that they are well placed within the market to meet these challenges

DIVIDENDS

There were no dividends paid during the year (2009 €2,903,000)

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DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

EMPLOYEE MATTERS
The company continues to consider health and safety to be one of our highest priorities and a fundamental element of being a successful business We are committed to achieving the highest reasonable practical standards of health, safety and welfare for our 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 operations and processes comply with applicable environmental standards and legislation

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
Neither the directors, the company secretary who held office at 31 December 2010, their spouses nor minor children, had a beneficial interest in the shares of the company at the end or at the beginning of the year Details of interests in the shares of the ultimate parent company, ABB Asea Brown Boveri Limited at 31 December 2010 and 31 December 2009 (or subsequent date of appointment) are as follows

	2010 Number of shares	*2009 Number of shares*
ABB Asea Brown Boveri Limited		
Mr T Gregory	1,500	1,500
Mr D Petticrew	-	–
Mr P O'Mahony	129	240
Mr S E Jakobsson	43,750	24,477

IMPORTANT EVENTS SINCE THE YEAR END
There have been no important events affecting the company since the year end

DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

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

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

Irish 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 judgments 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 confirm that they have complied with the above requirements in preparing the financial statements

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 2009 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

DAMIEN PETTICREW Director

PATRICK O'MAHONY Director

Date 11/11/2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED

We have audited the company's financial statements of ABB Limited for the year ended 31 December 2010, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 25 These financial statements have been prepared under 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 1963 to 2009 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 report to the members 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 MEMEBRS 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 2010 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009

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

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

Date 16 November 2011

ABB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

		2010 €'000	2009 €'000
Profit / (loss) for the financial year		7,736	(27,992)
Actuarial gain on pension scheme	23	1,176	1,148
Current tax transferred from profit and loss account	9	267	140
Deferred tax effect of FRS17 adjustments	23	(414)	(284)
Total recognised gains/(losses) for the year		8,765	(26,988)

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BALANCE SHEET
at 31 December 2010

	Note	*2010* *€'000*	*2009* *€'000*
FIXED ASSETS			
Intangible assets	10	-	7,200
Tangible assets	11	5,574	8,222
		5,574	15,422
CURRENT ASSETS			
Stocks	12	7,125	20,282
Debtors	13	28,432	20,978
Cash at bank and in hand		20,386	10,920
		55,943	52,180
CREDITORS			
Amounts falling due within one year	14	(39,761)	(49,415)
NET CURRENT ASSETS		16,182	2,765
TOTAL ASSETS LESS CURRENT LIABILITIES		21,756	18,187
PENSION LIABILITIES	23	(1,810)	(4,703)
PROVISIONS FOR LIABILITIES AND CHARGES			
Product warranty provision	17	(5,729)	(8,032)
		14,217	5,452
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	18	635	635
Profit and loss account	19	13,582	4,817
Shareholders' funds	20	14,217	5,452

Approved by the Board on 11th November 2011 and signed on its behalf by

DAMIEN PETTICREW

Director

PATRICK O'MAHONY

Director

Date 11/11/2011

BR 008771
FC 026748

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010

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 2009

(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, which arises from continuing and discontinued operations, is wholly attributable to the principal activity of the company and represents amounts invoiced by the company in respect of goods and services, excluding value added tax

The discontinued operations comprise of the closure of the transformer manufacturing plant in Waterford and the QCS business in Dundalk

(e) *Foreign currencies*
The financial statements are expressed in euro (€)

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction 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

(f) *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 2010 (continued)

1 ACCOUNTING POLICIES (continued)

(g) *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

(h) *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

(i) *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

(j) *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

1 ACCOUNTING POLICIES (continued)

(k) *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

(l) *Warranties for products*

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

(m) *Research and development*

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

(n) *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

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

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 at group level 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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

3 EMPLOYEES

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

	2010 Number	2009 Number
Selling	57	58
Operations	173	289
Management and administration	49	56
	279	403
The staff costs comprise	*€'000*	*€'000*
Salaries and wages	14,817	17,457
Social welfare costs	1,997	2,299
Pension and other costs	2,060	3,471
	18,874	23,227

4 RESTRUCTURING COSTS

Restructuring costs arose due to the announced closure in 2010 of the company's transformer factory located in Waterford as well as the sale of the Dundalk QCS business The credit to profit and loss account at 31 December 2010 represents the reversal of amounts previously provided that are no longer required The main components are analysed as follows

	2010 *€'000*	2009 *€'000*
Restructuring costs	823	(26,280)
Impairment of tangible fixed assets held for resale (note 11)	(241)	-
Profit on disposal of fixed assets in discontinued business	1,409	-
	1,991	(26,280)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 €'000	2009 €'000
Bank overdraft repayable within one year	40	5
Interest payable to group undertakings	20	3
	60	8

6 OTHER FINANCE INCOME/CHARGES

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 scheme operated by the company is provided in Note 23

7 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities before taxation is stated after charging

	2010 €'000	2009 €'000
Directors remuneration		
Salaries	219	201
Other emoluments including pension contributions	27	25
Depreciation and amortization	1,245	7,721
Auditors' remuneration	135	153
Hire of equipment and vehicles		
Operating leases	490	871
Research and development	3,734	3,861

8 DIVIDENDS

	2010 €'000	2009 €'000
Dividends paid on Ordinary Shares	-	2,903

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

9 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

		2010	2009
		€'000	*€'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%	471	498
	Current tax transferred to the Statement of Total Recognised Gains and Losses	(267)	-
	Total current tax credit (see reconciliation below)	204	498
	Deferred tax		
	Origination and reversal of timing differences	-	498
	Total deferred tax (*note 16*)	-	498
	Tax credit on profit/(loss) on ordinary activities	204	996

(b) Reconciliation of the expected tax credit at the standard tax rate to the actual tax credit at the effective rate

The tax assessed for the year is lower than (2009 higher than) the standard rate of corporation tax in the Republic of Ireland 12 5% The differences are explained below

	2010	2009
	€'000	*€'000*
Profit /(loss) on ordinary activities before taxation	7,532	(29,988)
Profit /(loss) on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12 5%	942	(3,624)
Effects of		
Expenses not deductible for tax purposes	(224)	1,101
Depreciation in excess of capital allowances	28	789
Higher rates of tax on other income		2
Pension	(181)	(140)
Sale of fixed assets	-	(1)
Current tax transferred to the Statement of Total Recognised Gains and Losses	267	-
Research and development tax credit	(471)	(498)
Losses generated	-	1,873
Losses utilized in year	(565)	-
Total current tax credit	(204)	(498)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

10 INTANGIBLE ASSETS

	2010 *€'000*
Cost	
At 1 January 2010	13,007
Disposal	(13,007)
At 31 December 2010	-
Amortisation	
At 1 January 2010	5,807
Disposal	(5,807)
	-
Net book value	
At 31 December 2010	-
At 31 December 2009	7,200

On 23 August 2010 the company entered into a Business Transfer Agreement with its parent company ABB Asea Brown Boveri Limited in respect of its Quality Control System business in Dundalk As part the agreement the goodwill and intellectual property was valued at €7 2m and this was transferred accordingly during 2010

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

11 TANGIBLE FIXED ASSETS

	Freehold land and buildings €'000	*Office equipment €'000*	*Motor vehicles €'000*	*Plant and equipmen t€'000*	*Computer equipment €'000*	*Compute r software €'000*	*Total €'000*
Cost							
At 1 January 2010	12,385	1,874	56	11,715	1,172	1,738	28,940
Additions	-	-	-	16	86	-	102
Disposals	(7)	(3)	-	(9,798)	(338)	-	(10,146)
Transfer to current assets	(2,516)	-	-	-	-	-	(2,516)
At 31 December 2010	9,862	1,871	56	1,933	920	1,738	16,380
Depreciation							
At 1 January 2010	5,537	1,554	45	10,800	1,044	1,738	20,718
Charge for the year	266	121	7	757	94	-	1,245
Disposals	-	(1)	-	(9,838)	(294)	-	(10,133)
Impairment	241	-	-	-	-	-	241
Transfer to current assets*	(1,265)	-	-	-	-	-	1,265
At 31 December 2010	4,779	1,674	52	1,719	844	1,738	10,806
Net book amounts							
At 31 December 2010	5,083	197	4	214	76	-	5,574
At 31 December 2009	6,848	320	11	915	128	-	8,222

*As the company has ceased operations in Waterford the net book value of the freehold land and buildings pertaining to Waterford has been transferred to current assets in the balance sheet

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

12 STOCKS

	2010 €'000	2009 €'000
Raw materials	1,567	5,807
Materials for resale	-	3,906
Work in progress	2,678	6,729
Finished goods	2,880	3,840
	7,125	20,282

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

13 DEBTORS

	2010 €'000	2009 €'000
Amounts falling due within one year		
Trade debtors	18,142	12,859
Amounts owed by fellow subsidiaries	6,800	7,811
Prepayments and accrued income	1,180	308
Corporation tax	1,059	-
Tangible fixed assets held for resale	1,251	-
	28,432	20,978

14 CREDITORS (amounts falling due within one year)

	2010 €'000	2009 €'000
Trade creditors	9,892	14,326
Amounts owed to group undertakings	13,257	8,747
Taxation and social welfare (note 15)	2,910	1,465
Accruals and other creditors	4,848	8,833
Provisions and warranties	8,854	16,044
	39,761	49,415

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

15 TAXATION AND SOCIAL WELFARE

Taxation and social welfare creditors are as follows

	2010 €'000	2009 €'000
Corporation tax	-	(497)
PAYE and PRSI	1,144	651
Value Added Tax	1,766	1,311
	2,910	1,465

16 DEFERRED TAXATION

	2010 €'000	2009 €'000
At beginning of year	-	(498)
Credit (charge) for the year		498
		-

A full valuation allowance of €127,000 has been taken against potential deferred tax assets which arose due to excess tax written down values of assets over net book value at 31 December 2010

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

17 PRODUCT WARRANTY PROVISION

	2010 €'000	2009 €'000
At beginning of year	8,032	2,603
Utilised	(3,584)	(365)
Provided / (released)	1,281	5,794
At end of year	5,729	8,032

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

18 CALLED UP SHARE CAPITAL

	2010	*2009*
	€'000	*€'000*
Authorised		
500,000 ordinary shares of *€1 269738 each*	635	635
Allotted called up and fully paid		
500,000 ordinary shares of *€1 269738 each*	635	635

19 MOVEMENT IN RESERVES

	Profit and Loss account
	€'000
At 1 January 2010	4,817
Profit for year	7,736
Actuarial gain on pension scheme	1,176
Movement on deferred tax relating to pension scheme	(147)
At 31 December	13,582

20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010	*2009*
	€'000	*€'000*
Shareholders' funds at beginning of year	5,452	35,343
Profit for the financial year	7,736	(27,992)
Dividend	-	(2,903)
Actuarial gain on pension scheme	1,176	1,148
Movement on deferred tax relating to pensions scheme	(147)	(144)
Shareholder's funds at end of year	14,217	5,452

21 GUARANTEES AND COMMITMENTS

Operating lease commitments

Leasing commitments payable during the next twelve months amount to €288,000 made up as follows

Payable on leases on which the commitment expires	*Auto leases* €'000	*Property* €'000
Within one year	-	27
Within two to five years	224	37
	224	64

22 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 €520,946 that were issued and still valid at the 31 December 2010

23 PENSIONS

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 operates a defined contribution scheme The pension cost charge represents contributions payable by the company to the fund and amounted to €131,000 (2009 €160,000) 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

	2010 %	*2009* %	*2008* %
Rate of increase in salaries	3 50	3 50	3 50
Rate of increase to pensions in payment	2 00	2 00	2 00
Discount rate for scheme liabilities	5 50	5 50	5 75
Inflation assumption	2 00	2 00	2 00

23 PENSIONS (Continued)

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

	2010 %	2009 %	2008 %
Equities	7 25	6 60	7 50
Bonds	6 00	6 50	4 20
Property	4 40	6 10	6 10
Other	3 00	3 00	3 00

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

	2010 €'000	2009 €'000
Equities	17,876	13,936
Bonds	4,640	4,255
Property	540	378
Other	3,006	6,221
Total market value	26,062	24,790
Present value of scheme liabilities	(28,130)	(30,164)
Deficit in the schemes	(2,068)	(5,374)
Related deferred tax asset	258	672
Net pension liability	(1,810)	(4,702)

	2010 €'000	2009 €'000
The amounts charged to operating profit were		
Current service cost	1,532	4

	2010 €'000	2009 €'000
Amounts charged to other finance charges		
Interest on scheme liabilities	(1,471)	(1,571)
Expected return on scheme asset	1,253	1,224
Net return	(218)	(347)

23 PENSION (Continued)

Analysis of amounts in the statement of total recognized gains and losses are

	2010	*2009*
	€'000	*€'000*
Actual return less expected return on assets	982	2,976
Experience gains and losses on liabilities	894	(251)
Changes in assumptions underlying the present value of the scheme liabilities	(700)	(1,577)
Actuarial gain	1,176	1,148
Deferred tax charge	(147)	(143)
Actuarial gain recognised in statement of total recognised gains and losses	1,029	(1,005)

The cumulative actuarial gain recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2010 is €960,000 (2009 loss of €216,000)

Analysis of movements in deficit during the year	*2010*	2009
	€'000	€'000
At beginning of the year	(5,374)	(7,643)
Movement in the year		
Current service cost	(1,096)	(992)
Curtailment (cost)/gain	(436)	988
Contributions paid	3,880	1,472
Other finance cost	(218)	(347)
Actuarial gain	1,176	1,148
At end of the year	(2,068)	(5,374)

23 PENSION (Continued)

Changes in the fair value of the defined benefit obligation are analysed as follows.

	2010
	€'000
Opening defined benefit obligation	30,164
Service cost	1,096
Interest cost	1,471
Contributions by plan participants	303
Actuarial gain	(194)
Benefits paid	(5,146)
Settlements in the period	436
Closing defined benefit pension obligation	28,130

Changes in the fair value of scheme assets are analysed as follows

	2010
	€'000
Opening fair value of scheme assets	24,790
Actuarial gain	2,235
Contributions by employer	3,880
Contributions by plan participants	303
Benefits paid	(5,146)
Closing fair value of scheme assets	26,062

The company paid €3,880,000 in contributions to the pension scheme in 2010 (2009 €1,116,975) The company expects to contribute €2,024,000 to its pension scheme in 2011

Fair value of the scheme assets, present value of the scheme liabilities and the surplus or deficit in the scheme:

	2010	*2009*	*2008*	*2007*	*2006*
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Fair value on scheme liabilities	(28,130)	(30,164)	(27,043)	(25,132)	(26,806)
Fair value on scheme assets	26,062	24,790	19,400	27,594	26,334
Deficit in the plan	(2,068)	(5,374)	(7,643)	2,462	(472)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (continued)

23 PENSIONS (Continued)

History of experience of gains and losses	*2010*	*2009*	*2008*	*2007*	*2006*
Difference between the expected and actual return on scheme assets – Amount (€'000)	982	(878)	(11,089)	(2,490)	1,080
Percentage of scheme assets	3 77%	(3 54%)	(57 16%)	(9 02%)	4 10%
Experience gains and losses on scheme liabilities – Amount (€'000)	894	357	(234)	(120)	292
Percentage of scheme liabilities	3 18%	(1 18%)	(0 87%)	(0 48%)	0 01%
Changes in assumptions underlying the present value of scheme liabilities – Amount (€'000)	(700)	(1,577)	59	4,760	5,913
Percentage of scheme liabilities	(2 49%)	(5 23%)	0 22%	18 94%	22 06%

24 RELATED PARTIES

The company's immediate controlling party is Asea Brown Boveri, a company incorporated in Switzerland

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

25 APPROVAL OF ACCOUNTS

The directors approved the financial statements and authorised them for issue on 11|11|2011

100685/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House
for the record

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law

✗ **What this form is N**[redacted]
You cannot use this fo[redacted]
an alteration of mann[redacted]
with accounting requi[redacted]

17/12/2011 #361
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ❶	ABB LIMITED
	If the company has already been registered in the UK, please enter the establishment number below
UK establishment number ❷	B R 0 0 8 7 7 1

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state

❷ This should only be completed if the company has already been registered in the UK

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ❸ COMPANIES (AUDITING AND ACCOUNTING) ACT 2003

❸ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box

☐ **No** Go to Section A3

☑ **Yes** Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3

Name of organisation or body ❹

❹ Please insert the name of the appropriate accounting organisation or body

IRISH AUDITING AND ACCOUNTING SUPERVISORY AUTHORITY (IAASA)

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to Section A5

☑ **Yes** Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ **No** Go to **Part 3 'Signature'**

☑ **Yes** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**

Name of organisation or body ❶

IAASA IRISH AUDITING AND ACCOUNTING SUPERVISORY AUTHORITY

❶ Please insert the name of the appropriate accounting organisation or body

ERNST & YOUNG

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ **No**

☐ **Yes**

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X PATRICK O'MAHONY X

This form may be signed by

~~Director~~, Secretary, ~~Permanent representative~~

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form The contact information you give will be visible to searchers of the public record

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address

England and Wales
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www companieshouse gov uk or email enquiries@companieshouse gov uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk