PRICEWATERHOUSECOOPERS

Final Report

Incentives analysis for promoting regional developments

Descriptive analysis

January 2008
Strictly Private & Confidential

A low-angle view of a colourful dragon-shaped kite against skyscrapers in the blue sky.
The picture taking in the Centre District of China symbolizes balance, control, excellence and growth

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Executive Summary

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Purpose of the study

The purpose of this study is to provide the Invest in Iceland Agency with an overview of incentives available to (foreign) direct investment as an instrument of regional development.

The focus area of this study is the European Union, more specifically Ireland, Wales and Hungary, and Canada.

Incentives differ by locations

European Union

Within the EU framework, the EU Member States determine their own incentives programs but always subject to eligible costs and maximum ceilings as set by the EU Commission.

The EU framework is based on 2 overriding principles:

- Equal treatment within a region
- All European companies operate on a level-playing field

Canada

In Canada there is generic national legislation on foreign investments.

There is the NAFTA framework of rules and disciplines that provides investors from NAFTA countries with a predictable, rules-based investment climate, as well as dispute settlement procedures which are designed to provide timely recourse to an impartial tribunal. Nevertheless, this framework is much less limitation than the EU framework for EU Member States.

The downside of this situation is the fact that this leads to a less structured and less transparent incentives system. The eligibility is determined on an ad hoc basis and is more subject to negotiations than it is within the EU.

European Aid philosophy

The objectives of the new Regional Aid Guidelines 2007-2013 are the following:

- Focusing regional aid on the least developed regions within the European Union
- Reducing unnecessarily high aid intensities
- Ensuring the competitiveness of all regions
- Continuity from the old system to the new

State aid to business in the EU countries is strictly regulated by the EU Commission. EU legislation determines the costs eligible for state aid and the aid intensity ceilings.

The characteristics of national regional aid

- Aid for investment or operating aid (in certain limited circumstances)
- Granted to large companies and SMEs
- Geographical specificity (to redress regional disparities)
- Focuses on the obstacles to productivity (lack of skills, investment, innovation, enterprise and/or competition) by supporting business growth and new investment

The EU makes a distinction between regional aid (regional differences) and horizontal aid (national regulation, no regional differences). An example of regional state aid is aid to initial investments (large companies). An example of horizontal state aid is training aid which is allowed anywhere in a EU country.

European conditions to grant aid

Regional investment aid is aid awarded for an initial investment project (replacement investment excluded) in material (land, buildings and equipment) and immaterial (patent rights, licences, know-how) assets relating to:

- The setting-up of a new establishment;
- The extension of an existing establishment;
- Diversification of the output of an establishment into new, additional products;
- A fundamental change in the overall production process of an existing establishment.

Acquisition of the assets of an establishment that would otherwise have closed

Investment must be maintained > 5 years (reduced to 3 years for SMEs)

It will generally be a matter for negotiation between the prospective investor and the appropriate government agency

Capex and expenses

Expenses that are eligible for regional investment aid are:

- Land, buildings, plant and machinery
- Costs related to the acquisition of assets other than land and buildings under financial lease
- Consultancy costs for SMEs
- Intangible assets
- Alternatively and additionally 2 years wage costs for new jobs created by the project

Expenses that are eligible for horizontal aid (non-regional aid) are:

- Training expenses
- R&D expenses

Types of incentives

Related types of regional investment aid regulated by the European Union are:

- Capital grant
- Subsidised loan (low-interest loans or interest rebates)
- State guarantees, the purchase of a share-holding or an alternative provision of capital on favourable terms
- Exemptions or reductions in taxes, social security or other compulsory charges
- The supply of land, goods or services at favourable prices
- Employment incentives

Related types of horizontal aid are:

- R&D incentives
- Training incentives

Scope and sensitive sectors

A distinction is made between non sensitive sectors and sensitive sectors. Different (more strict) EU aid intensity ceilings apply to sensitive sectors.

Regional investment aid applies to all sectors except to:

- the coal industry;
- the fisheries;
- the steel industry (except SMEs);
- and the synthetic fibres sector.

Special rules apply to the following sensitive sectors:

- the transport sector;
- the marketing sector;
- the shipbuilding sector;
- and primary agricultural production.

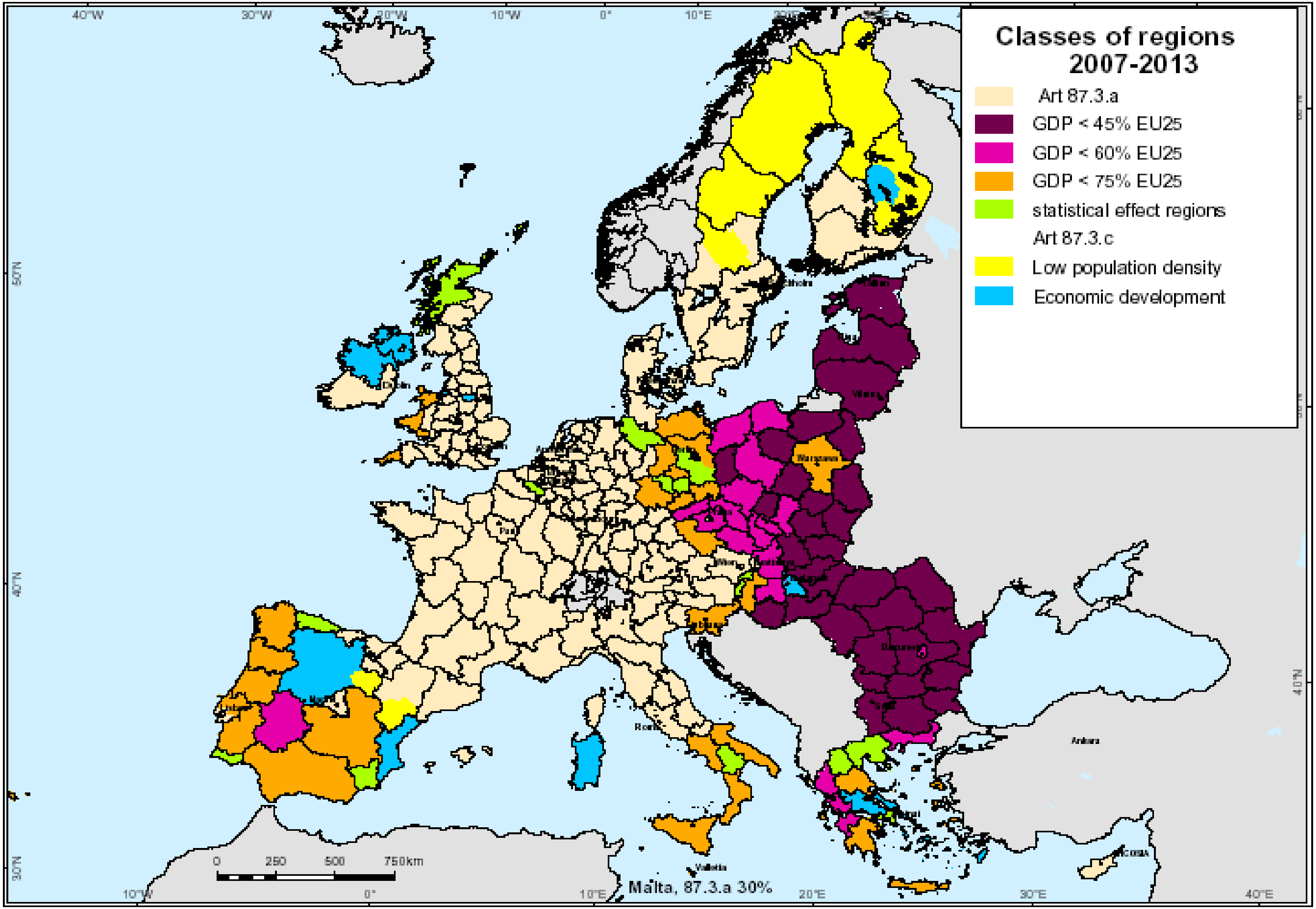
European aid intensity

All aid intensities are expressed in gross grant equivalents (GGE). The tax on the amount of financial aid is not taken into consideration.

The intensity of the aid is adapted according to the nature and intensity of the regional problems.

In summary

- The old remote regions the aid intensities are limited to 30% of the investment.
- The new remote regions have the larges aid intensities, and can go up to 50% of the investment and more (for SMEs).
- The aid is granted to a small proportion of the European regions. The majority (of the population and the geographic regions) isn't granted any regional aid.



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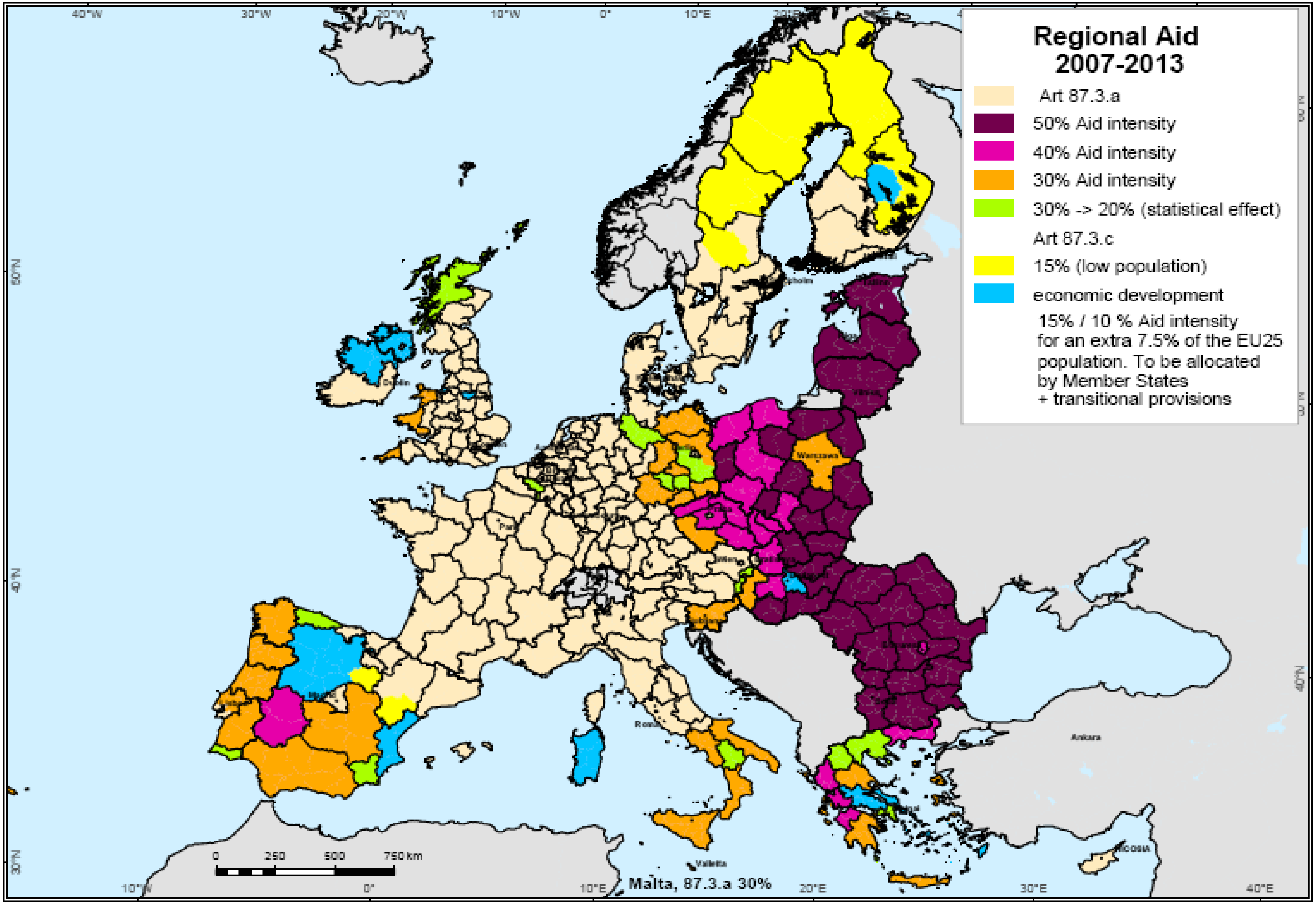

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Taxation and cumulation of grants

Grants are considered as company profits and taxed accordingly.

In most cases, grants are deducted from the value of the depreciable investment.

Regional aid may be cumulated with horizontal aid and other support schemes.

Case 1: Food processing company

Large manufacturing company

Assumptions

- no acquisition of advanced product or process technology
- no training expenses
- R&D expenditures account for 20% of the FIA

The company in figures (EUR):

- Sales 29.747.223
- Capex
  - Site 1.425.388
  - Building 5.205.764
  - Equipment 16.360.973
  - Utilities 3.934.566
- Opex (Wales)
  - Raw material 9.419.954
  - Labor 1.308.746
  - Power 619.694
  - Water 233.953
  - Gas 294.418
  - Sewerage 452.290
  - Transport 1.766.985
  - Real Estate Tax 178.669

Eligible grants

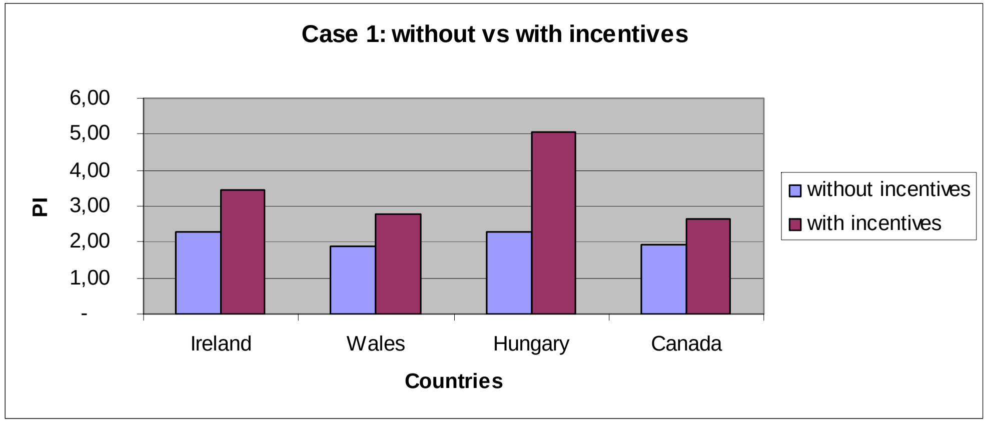
- Ireland
  - Capital grant (15% -30%)
  - R&D grant (50%)
- Wales
  - General incentives
    - Only for small businesses or SMEs
    - Tax incentives too small to make a difference
  - Territorial incentives
    - Capital grant (30%)
    - R&D grant (50%)
- Hungary
  - Cash subsidy (50%)
  - R&D incentives (% of wage cost)
  - Development tax allowance (20% => 10%)
- Canada
  - Capital grant (site = 1 CAD)
  - R&D incentives (tax benefit of 15% and 20%)
  - Tax grant (27,12% => 11,06%)

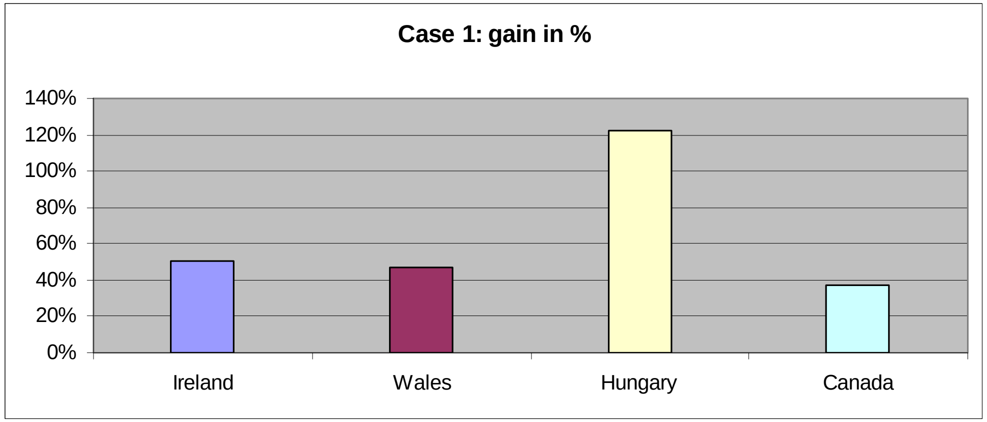
Case 1: Food processing company

Net Present Value (in EURO):

	Ireland	Wales	Hungary	Canada
without incentives	33.733.101	22.663.883	32.858.554	24.206.441
with incentives	41.966.867	30.103.256	52.356.193	38.041.357
gain in %	24%	33%	59%	57%

Profitability Index:





	Ireland	Wales	Hungary	Canada
without incentives	2,30	1,88	2,27	1,94
with incentives	3,46	2,76	5,05	2,66
gain in %	50%	47%	123%	38%

Case 2: Manufacturer of mobile homes

Medium sized company (233 employees)

Assumptions

- No acquisition of advanced product or process technology
- Training expenses for 7 persons (1 month's pay per person)
- No R&D expenditures

The company in figures (EUR):

- Sales 35.719.810

- Capex
  - Site 731.826
  - Buildings 3.310.000
  - Equipment 2.319.900

- Opex (Wales)
  - Raw material 20.614.521
  - Labor 2.696.847
  - Power 33.316
  - Water 1.451
  - Gas 3.718
  - Transport 9.336.750

Eligible grants

- Ireland
  - Capital grant (30%)
  - Training grant (Assumption)

- Wales
  - General incentives
    - Only for small businesses or SMEs
    - Tax incentives too small to make a difference
  - Territorial incentives
    - Capital grant (40%)

- Hungary
  - No cash subsidy because to small investment in cash and people
  - Job creation subsidy (640.000 EUR)
  - Development tax allowance (reduction of taxable income by the amount of profit before tax or max 120.000 EUR)
  - Training grant (Assumption)

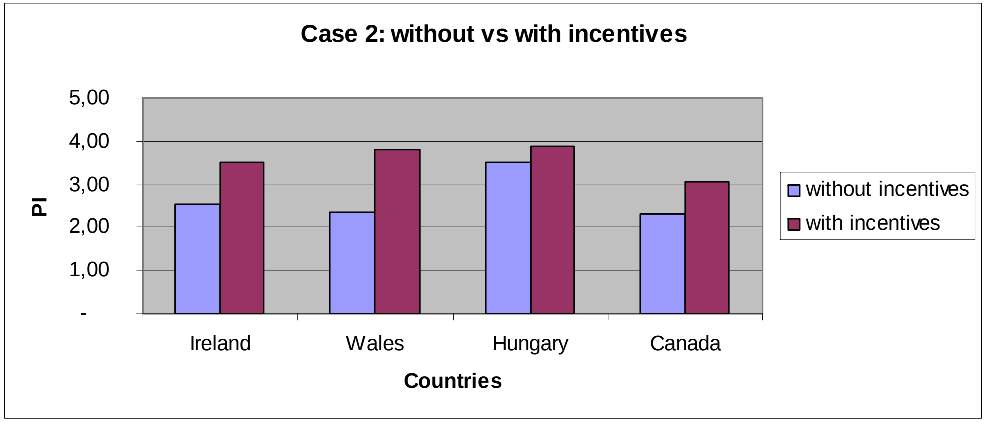
- Canada
  - Capital grant (site = 1 CAD)
  - Tax grant (27,12% => 11,06%)
  - Training incentives and alike are non-financial

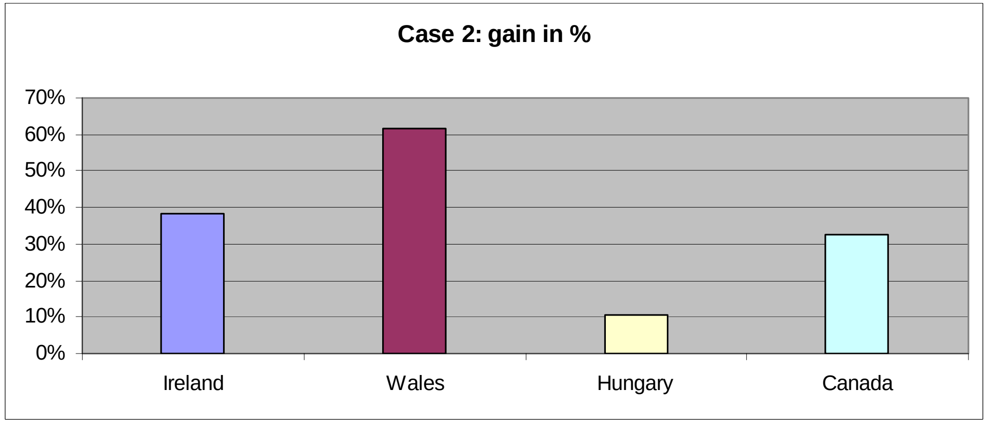
Case 2: Manufacturer of mobile homes

Net Present Value (in EURO):

	Ireland	Wales	Hungary	Canada
without incentives	9.182.997	8.063.439	15.000.455	7.815.466
with incentives	10.771.230	10.041.685	15.684.886	10.824.007
gain in %	17%	25%	5%	38%

Profitability Index:





	Ireland	Wales	Hungary	Canada
without incentives	2,53	2,35	3,51	2,31
with incentives	3,51	3,80	3,88	3,06
gain in %	38%	62%	11%	33%

Case 3: Financial shared services center

Medium sized company

Assumptions

- No acquisition of advanced product or process technology
- Training expenses for 10 leading persons (1 month's pay per person)
- No R&D expenditures

The company in figures (EUR):

- Capex
  - Buildings and equipment 2.000.000

- Opex (Wales)
  - Utilities and rental 180.000
  - Labor 3.724.576
  -

Eligible grants

- Ireland
  - Capital grant (30%)
  - Training grant (Assumption)
  - Employment grant (Assumption 10% during 5 years)

- Wales
  - General incentives
    - Only for small businesses or SMEs
    - Tax incentives too small to make a difference
  - Territorial incentives
    - Capital grant (40%)

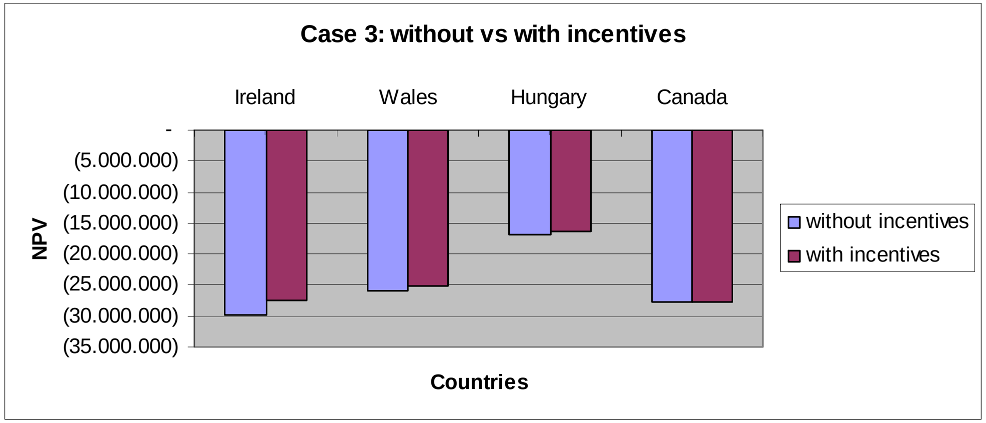
- Hungary
  - No cash subsidy because to small investment in cash and people (max 60%)
  - Job creation subsidy (520.000 EUR)
  - Development tax allowance (reduction of taxable income by the amount of profit before tax or max 120.000 EUR)
  - Training grant (Assumption)

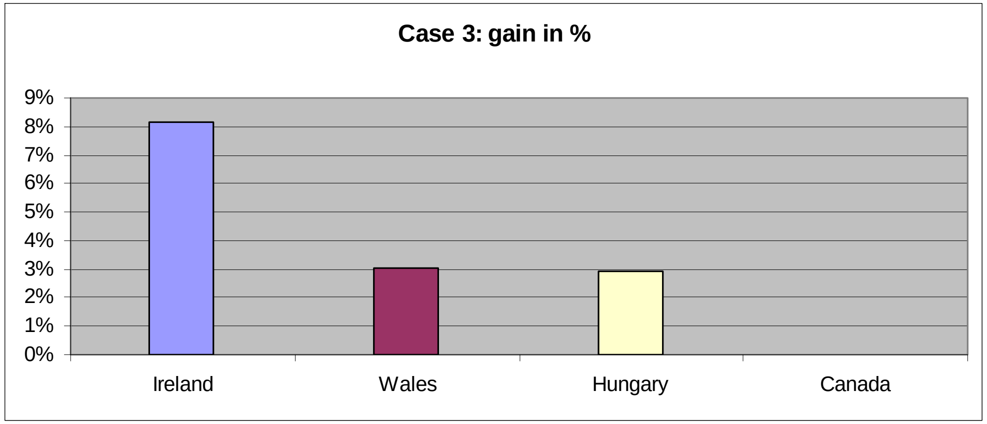
- Canada
  - No eligible grant

Case 3: Financial shared services center

Net Present Value (in EURO):

	Ireland	Wales	Hungary	Canada
without incentives	(29.939.145)	(25.946.473)	(16.847.026)	(27.622.594)
with incentives	(27.493.099)	(25.164.654)	(16.356.550)	(27.622.594)
gain in %	8%	3%	3%	0%



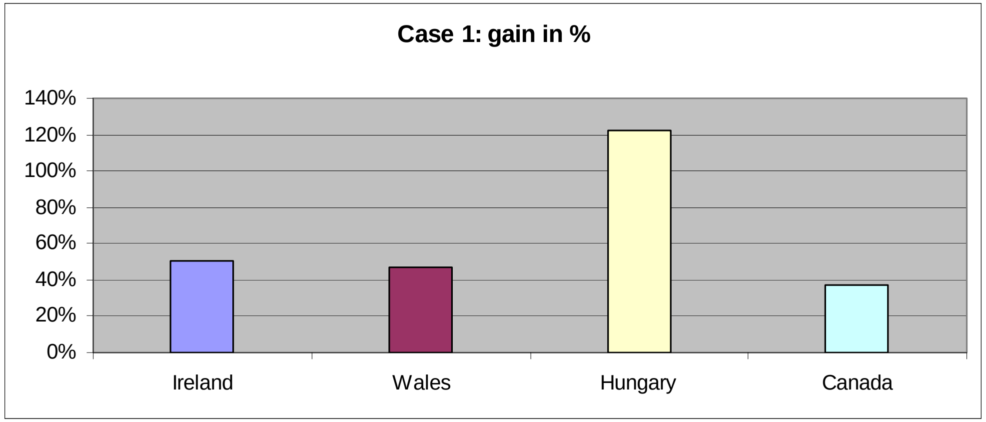


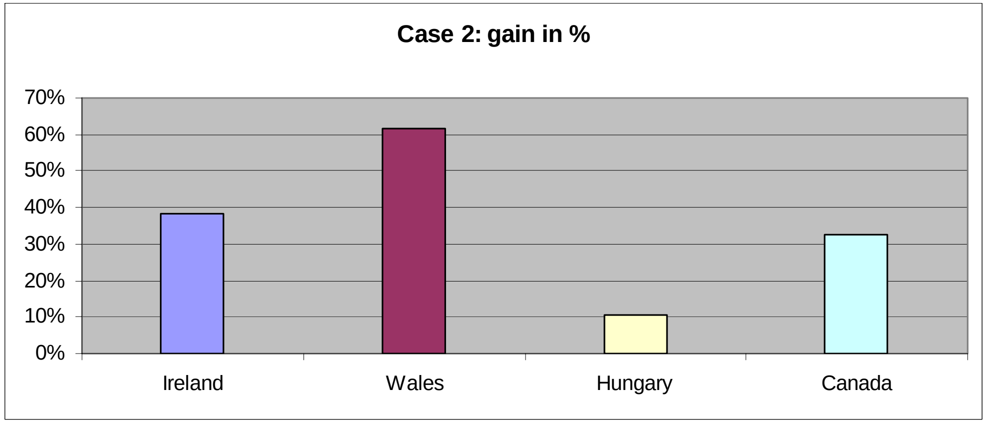
Comparison

NPV (in EUR)				
	Ireland	**Wales**	**Hungary**	**Canada**
case 1				
without incentives	33.733.101	22.663.883	32.858.554	24.206.441
with incentives	41.966.867	30.103.256	52.356.193	38.041.357
gain in %	24%	33%	59%	57%
case 2				
without incentive	9.182.997	8.063.439	15.000.455	7.815.466
with incentives	10.771.230	10.041.685	15.684.886	10.824.007
gain in %	17%	25%	5%	38%
case 3				
without incentives	(29.939.145)	(25.946.473)	(16.847.026)	(27.622.594)
with incentives	(27.493.099)	(25.164.654)	(16.356.550)	(27.622.594)
gain in %	8%	3%	3%	0%

Comparison

PI				
	Ireland	Wales	Hungary	Canada
case 1				
without incentives	2,30	1,88	2,27	1,94
with incentives	3,46	2,76	5,05	2,66
gain in %	50%	47%	123%	38%
case 2				
without incentives	2,53	2,35	3,51	2,31
with incentives	3,51	3,80	3,88	3,06
gain in %	38%	62%	11%	33%





Conclusions and recommendations

1. Aid has many definitions. Aid can be towards regions, sectors or projects.

Incentives (regional aid) exclusively relate to stimulation of new investments; often they are designed specifically to attract foreign inward investment. Their logic lies in influencing the investment decision as an instrument of regional development.

This analysis exclusively deals with incentives as applicable for investment related projects such as manufacturing units, distribution centres, research centres, offices, data centres, shared services centres, etc.

This analysis does not deal with "aid" relating to the improvement of national or regional infrastructure. Aid is many times given by supra-national (or national) authorities to local public authorities.

Subsidies relate to artificial market mechanisms to protect a sector or an industry segment; their logic can be various but in theory relates to strategic reasons.

Conclusions and recommendations

2. Incentives exist in numerous and various forms such as:

- Cash grants
- Research grants
- Land cost reduction grants
- Employment grants
- Labour cost reduction grants
- Training grants
- Interest subsidies
- Corporate tax rate reductions
- Additional capital allowances
- Investment deductions adding to the capital allowances
- Real estate tax deductions
- Local tax reductions
- Subsidised loans (low-interest loans or interest rebates)
- State guarantees
- The purchase of a share-holding or an alternative provision of capital on favourable terms
- Exemptions or reductions in social security or other compulsory charges
- The supply of land, goods or services at favourable prices

3. Incentives can be categorized in several ways:

Front end incentives reducing the net cash investment: they apply once and at the time the investment is made.
Operating incentives occurring during the life time of the project.

Fiscal versus non fiscal incentives

Incentives resulting in reducing cash out (lower tax to be paid, lower social charges to be paid, lower interest rates to be paid) versus incentives increasing cash in (cash grants, employment grants, research grants, training grants).

The majority of incentives offered are front-end incentives (cash grants) and tax incentives.
Operating incentives are the exception.

Conclusions and recommendations

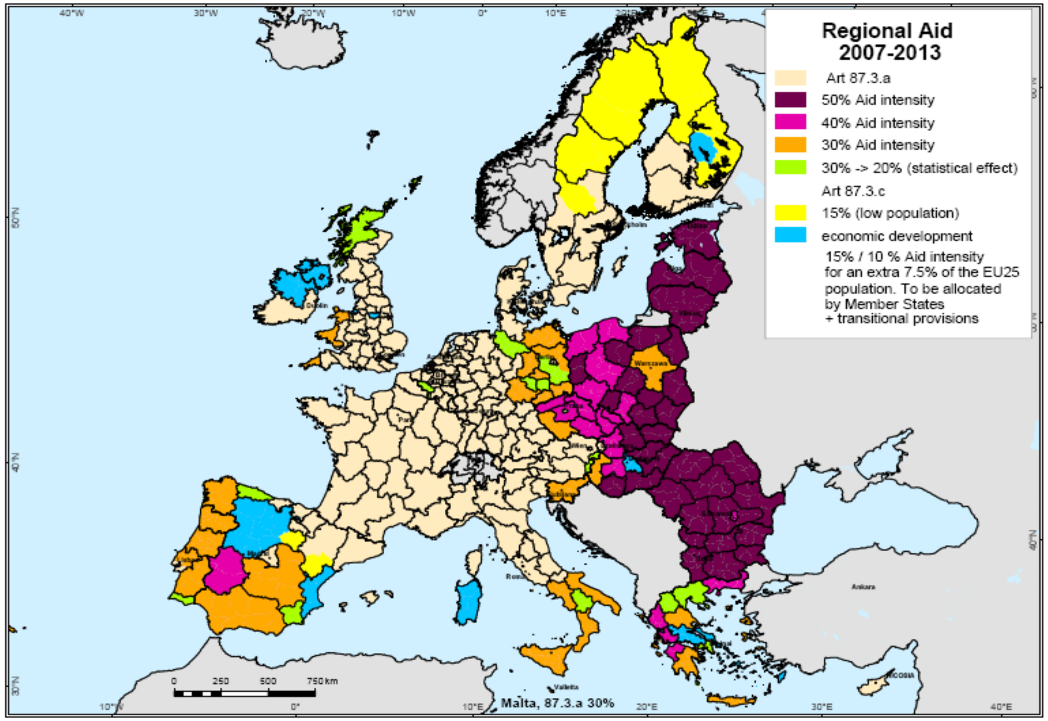
4. Incentives are regulated by supra-national authorities and are granted by national, regional and local authorities.

Incentive legislation define which incentives are applicable and their maxima; incentive legislation also define which incentives are not allowed.

Equal playing level field and avoidance of unfair competition is an adagio.

In Europe (E.U.) incentive policies are clearly regionally inspired. They are designed on a national basis, but incentive intensity is regionally inspired.

Canada follows a similar logic with an even more regional emphasis.



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5. National legislation (whatever is applicable on the entire territory of a country) is not considered as regional aid.
The national tax legislation in general and corporate tax in particular is therefore not considered as a regional incentive instrument although it can have a major impact on investment decisions.

Conclusions and recommendations

6. Incentive legislation and especially application is complex and difficult to understand.
   The true value of incentives is not always obvious. Even what in E.U. context is referred to as “Gross Grant Equivalent" is not equal to real value.

   In some cases incentives are taxed or they reduce the basis for tax allowances, in many cases incentives are capped or mutually exclusive or any combination of the above.

   The real value of incentives is defined by their discounted cash flow impact.

7. Many incentives result in low absolute value and obviously have a minor impact on the investment decision. In fact most of them are of this nature.

8. Some incentive packages have a minor impact on the investment decision although their absolute value is important. These are the ones to be avoided because they are a waste of tax payers money. Transparent and easy to understand incentive packages with impact are clearly preferred by potential investors.

9. Some incentive packages really make the difference and have indeed a major impact on the investment decision.

10. In the E.U. the "big packages" are granted in regions of new E.U. member states such as Hungary, Bulgaria and Romania.
    Their order of magnitude can equal to 50% of the fixed asset investment.

11. Many regions in old EU member states are not allowed to grant relevant incentives at all (0% of fixed asset investment).
    Some regions of those countries are still eligible to packages of some 10 to 15% of the gross fixed asset investment of the project.

12. EU incentive legislation is statutory; Canada combines a statutory and discretional approach.

Conclusions and recommendations

13. Main drivers of incentive package are:
    - Location
    - Employment
    - Research content
    - Fixed asset investment
    - Size of the business
    - Nature of the project
    - Ecology
    - Potential benefits for the economy
    - Industry segment

14. Assuming the vocation of incentive packages is to stimulate investments that bring wealth (high value added) to the region, it is strange to notice ‘value added’ as such is not a driver of incentive packages.
    This is probably explained by their historic background whereby direct employment creation was many times a major political driver. This resulted many times in a cynic paradox whereby labour intensive projects (with no chance to succeed because of the labour cost level in western economies) were favoured over high wealth creating know how/capital intensive projects.

15. Generic incentive packages have a completely different impact according to the nature of the investment project (capital intensive, labour intensive, know how intensive, etc) and the relationship of the elements of the project definition such as fixed asset investment versus employment versus research content versus profit intensity etc.

Conclusions and recommendations

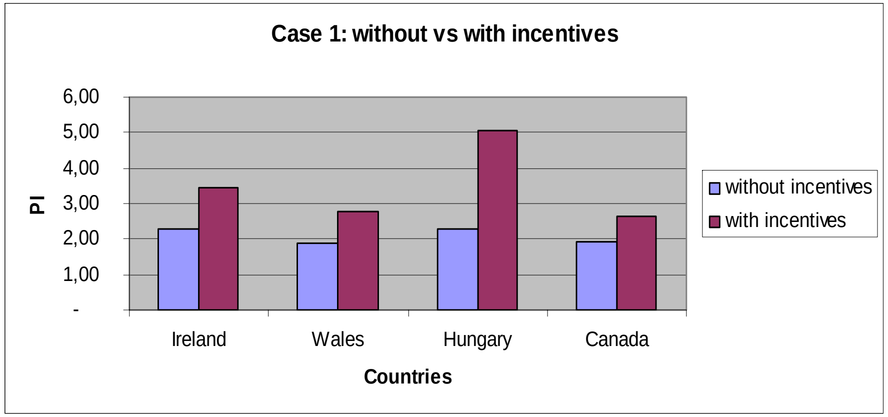
16. The cases illustrating the true impact of incentive packages and their real value (discounted impact on cash flow) are only indicative examples.

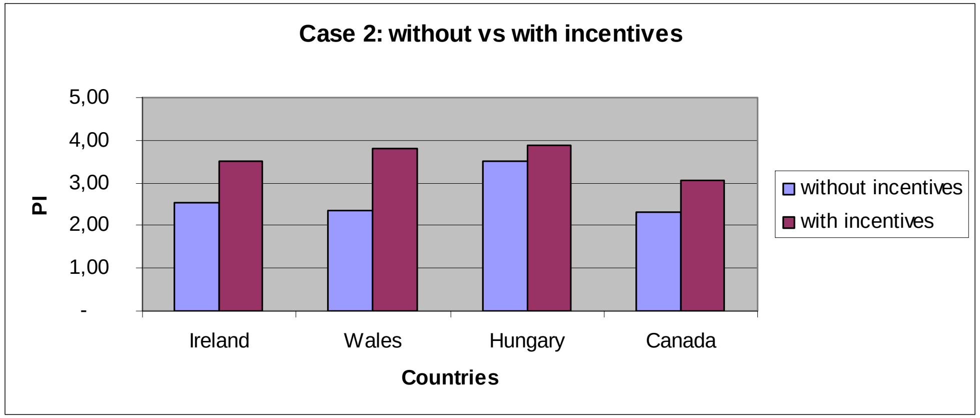
The sample is not big enough and definitely not representative enough to draw conclusions.

The cases however clearly show that some packages really make the difference.

An easy way to measure is impact on Profitability Index (P.I. : sum of future discounted cash flows versus present net cash investment). The index measures how many times the original cash invested is re-made over a number of years of the life time of the project.

The following figures illustrate the impact of some of the packages.





17. These deltas must be seen in combination with tax legislation and application.
Tax as earlier stated is not a regional incentive instrument but a national cost component.
The combination of relevant regional development incentive packages and attractive national tax legislation (corporate tax in particular) are definitely driving investment decisions.

Conclusions and recommendations

18. In order to create relevant incentive packages for the regions in Iceland one should:

a. Define the type of investment targeted

- manufacturing, distribution, shared services, data centres, research centres, etc
- degree of capital intensiveness
- degree of know how intensiveness
- degree of labour intensiveness
- order of magnitude of fixed asset investment (5-10 mio $; 10-50 mio $; 50-150 mio $; 150-500 mio $; above 500 mio $)
- degree of utility intensiveness
- degree of sustainable development
- degree of wealth creation to the region
- degree of cluster effect

b. Define and test combinations of packages with components such as

- cash grant
- training grants
- interest reductions
- research grants
- tax grants
- up front investment grants

c. Consider and test such packages in combination with existing or new (corporate) tax legislation.

- The testing should involve national and international comparisons.
- The defined packages must be tested on their international legal acceptance.
- The budget impact must be predefined, inclusive ROI effects on the budget.
- Definition of KPIs related to regional development targets.

PRICEWATERHOUSECOOPERS

Final Report

Incentives analysis remote locations

Main Report

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Incentives in the European Union member states

The key principles of state aid in the EU

State aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities. Therefore, subsidies granted to individuals or general measures open to all enterprises do not constitute state aid.

The EC Treaty pronounces the general prohibition of state aid.

In some circumstances however government interventions are necessary and allowed for a well-functioning and equitable economy.

The EC has established a system of rules under which state aid is monitored and assessed. The objective of state aid control is to ensure that government interventions do not distort competition and intra-community trade.

The application of exemptions to the general prohibition of state aid rests exclusively with the EC.
The EC possesses strong investigative and decision-making powers with a detailed notification procedure which the member countries have to follow. It is only after the approval by the EC that an aid measure can be implemented. Moreover, the EC has the power to recover incompatible state aid.

As such, the objective of the EC is to ensure that all European companies operate on a level-playing field, where competitive companies succeed. The EC ascertains that government interventions do not interfere with the smooth functioning of the internal market or harm the competitiveness of EU companies.

The key principles of regional aid in the EU

State aid granted by a member state to promote the economic development of certain disadvantaged areas is called “national regional” aid or “regional aid”.

Regional aid is defined in Article 87(3)(a) and (c) of the EC Treaty. Regional aid works by 6 year programs.

The objective of the Regional Aid Guidelines ‘07-’13 is to ensure “Less and better targeted state aid in a economic, social and territorial cohesion context”

This objective is best achieved by
- focusing regional aid on the least developed regions within the EU
- reducing unnecessarily high aid intensities
- ensuring the competitiveness of all regions
- continuity from the old system to the new

Regional aid is considered to be compatible with the common market principle when:
- (a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment;
- (c) aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions.*

The exceptional character of regional aid is demonstrated by the fact that:
- there must be substantially less assisted regions in the EU than there are unassisted regions
- the overall population affected should be less than 42% of the then 25 member states’ total population

Regional aid consists mostly in investment aid to large companies, targeted on specific regions in order to redress regional disparities.

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* Article 87(3)(c) is wider in scope than (a) and allows regional development aid, provided it does not adversely affect trading conditions to an extent contrary to the common interest. This derogation concerns areas which are disadvantaged in relation to the national average. As the regional handicap of these areas is smaller, both the geographic scope of the exception and the aid intensity allowed are lower than for regions targeted by (a).
To determine the scope, the EC assigns a population ceiling to each state, taking into account, among others, population density, unemployment and GDP per capita. Within this ceiling, the states then select their eligible regions according to objective criteria set out in the regional aid guidelines. These include GDP per capita, population density, geographical situation, etc.

The key principles of regional aid in the EU

Regional aid consists mostly in investment aid to large companies, targeted on specific regions in order to redress regional disparities:

- Only in very exceptional cases operating aid to large companies is permissible*.
- Increased levels of investment aid granted to SMEs as a result of their location within such disadvantaged regions is also considered as regional aid.

Regional aid focuses on the obstacles to productivity (lack of skills, investment, innovation, enterprise and/or competition) by supporting business growth and new investment.

The geographical specificity distinguishes regional aid from other forms of (horizontal) EU aid, such as aid for research, development and innovation, employment, training or the environment.

Permissible aid levels are related to the relative seriousness of the problems affecting the development of the regions concerned. The advantages of the aid in terms of the development of the region must outweigh the resulting distortions of competition.

* Exceptions:

- Temporary and degressive operating aid to offset bottlenecks in Art 87 3(a) areas
- Permanent handicaps of the outermost areas
- Permanent aid to offset depopulation in the least densely populated areas
- Permanent transport aid in the outermost and low population density areas
- Transitional phasing out of operating aid in areas loosing 3(a) status over 2 years

Exclusion of operating aid to financial services sector

The regional aid map of the EU

A regional aid map defines
- the regions of a member state which are eligible for regional aid and
- the maximum permitted levels of such aid in the eligible regions.

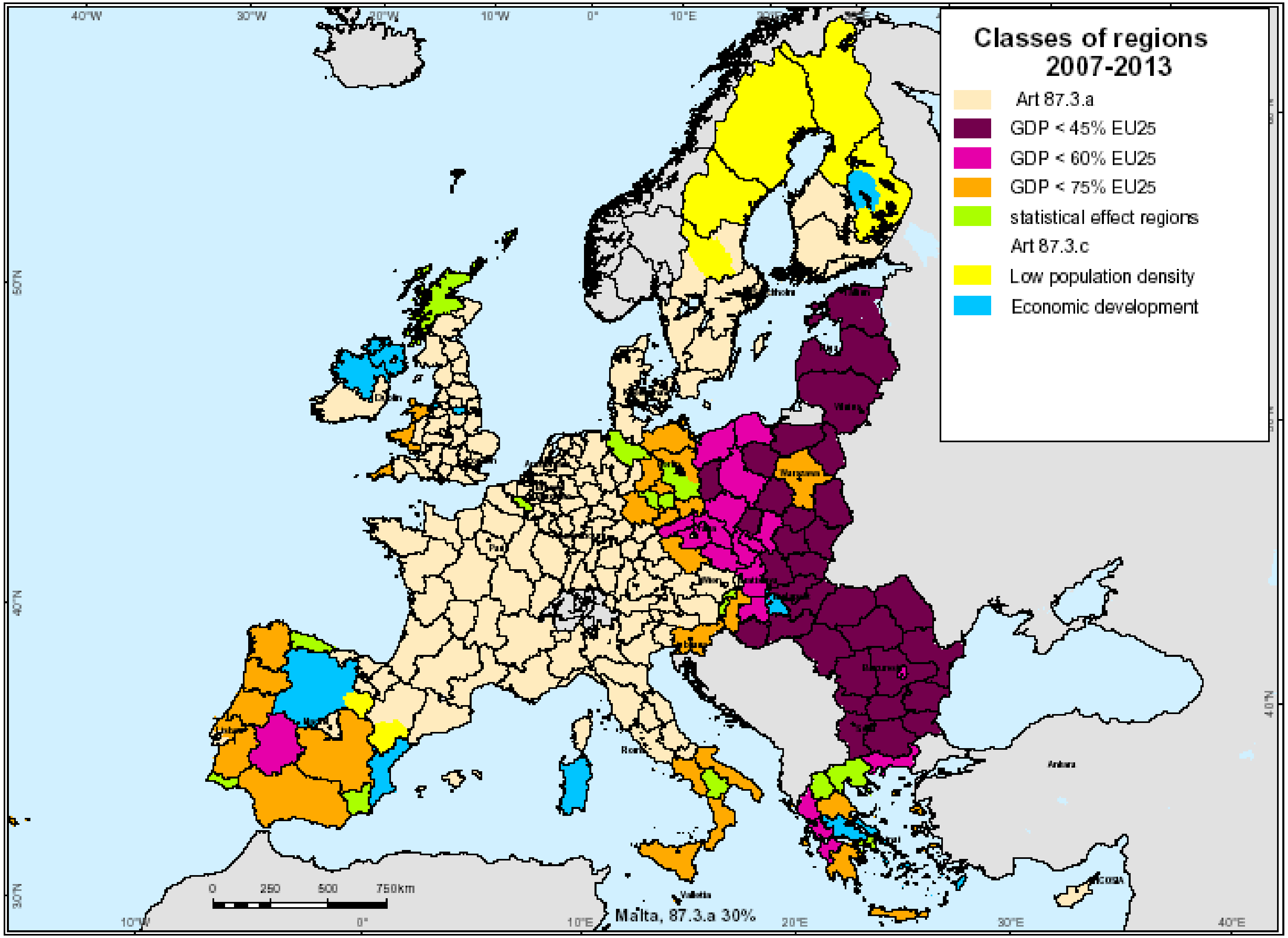
These regions are known as “assisted regions”.

Regions are assisted regions only when the GDP per capita is less than 75% of the EU25 average.

Next to this main category, areas can be added when
- the GDP per capita exceeds 75% of the EU average but only since the 2004 enlargement, referred to as statistical effect regions
  In this situation a transitional period is foreseen until end 2010.
- disadvantaged in relation to the national average and subject to specific conditions at country and population density
  Economic Development regions per Article 87(3)(c)
- having low population density
- part of the EU’s outermost regions, i.e. Azores, Madeira, Canary Islands, Guadeloupe, Martinique, Réunion and French Guyana.

The adoption of the regional aid map by the EC is a pre-condition for a member state to be allowed to grant regional aid within the territory. Member states must notify their maps for every 6 years period based on the applicable regional aid guidelines.

The regional aid map of the EU



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Characteristics and conditions of regional aid

Regional investment aid is aid awarded for an initial investment project in material and immaterial assets*.

The initial investment must relate to
- the setting-up of a new establishment;
- the extension of an existing establishment;
- the diversification of the output of an establishment into new, additional products;
- a fundamental change in the overall production process of an existing establishment.

Eligible material assets include:
- Land
- Building
- Equipment
- Consultancy (SMEs only)

Eligible immaterial assets are
- Patents
- Rights
- Licenses
- Know-how

Regional investment aid also applies to the acquisition of assets of an establishment that would otherwise have closed.

Alternatively, regional aid is aid awarded to directly created jobs by an investment project.
Directly created jobs are
- concerned with the activity to which the investment relates;
- created within three years of completion of the investment;
- can include jobs created following an increase in the utilisation rate of the capacity created by the investment.

Investment must be maintained > 5 years (3 years for SME)
Application must be submitted and governing authority must approve in principle before work starts on the project

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* Intangible assets must be:
- used exclusively in the establishment receiving the regional aid;
- regarded as amortizable assets;
- purchased from third parties under market conditions.

For SMEs, the full costs of investments in intangible assets may always be taken into consideration.
For large companies, such costs are eligible only up to a limit of 50 % of the total eligible investment expenditure.

The form of regional aid

The form of regional aid is variable.

Examples include
- capital grant;
- subsidised loans (low-interest loans or interest rebates);
- state guarantees;
- the purchase of a share-holding or an alternative provision of capital on favourable terms;
- exemptions or reductions in taxes, social security or other compulsory charges;
- the supply of land, goods or services at favourable prices.

Ceilings to regional aid

Aid intensity is expressed in terms of a % Gross Grant Equivalent (GGE)

$$\% \text{ GGE} = \frac{\text{Discounted Value of aid}}{\text{Discounted Value of eligible costs}}$$

Tax on the amount of financial aid can not be taken into consideration

When aid is calculated on the basis of wage costs:

- The amount of aid must not exceed a certain percentage of the wage cost of the person hired, calculated over a period of two years.
- The percentage is equal to the intensity allowed for investment aid in the area in question.

The intensity of the aid must be adapted to take account of the nature and intensity of the regional problems that are being addressed

Ceilings to regional aid

Eligible investments by large companies in Art 87(3)(c) regions with:
- GDP/cap < 75% of the EU-25 average: 30% gross
- < 60% 40% gross
- < 45% 50% gross

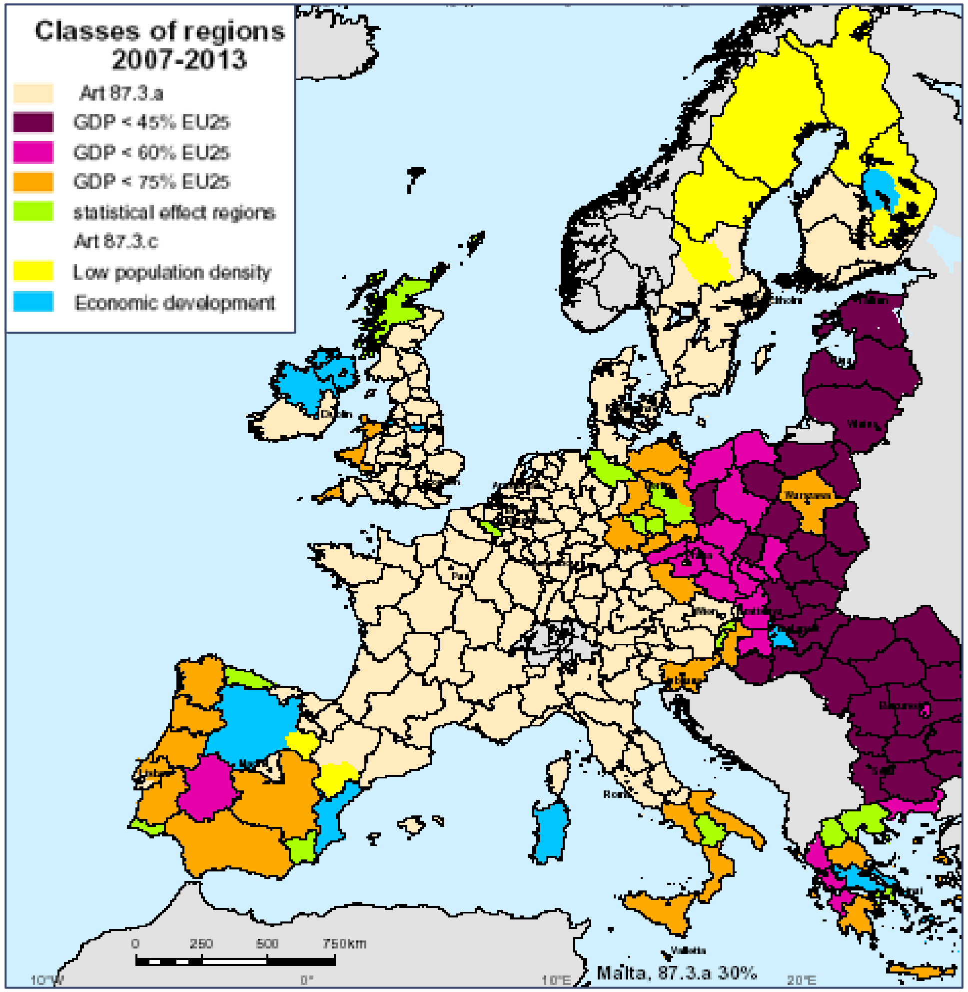
Eligible investments by large companies in outermost regions with:
- GDP/cap > 75% 40% gross
- < 75% 50% gross

Bonuses
- Small companies: + 20%
- Medium-sized companies: + 10%

Eligible investments by large companies in statistical effect regions:
- which are Art 87(3)(c) region after 2011 20% gross
- others 30% gross

Eligible investments by large companies in other Art 87(3)(c) regions:
- mostly: 15% gross
- exceptionally: 10% gross

Investments exceeding 50 million € are subject to additional regional aid ceilings. (see below)



Ceilings to regional aid

Aid for newly created small enterprises in Article 87(3)(a) regions:
- up to a total of 2 million € per enterprise
- may not exceed 35% of eligible expenses incurred in the first 3 years after the creation, 25% in the 2 years thereafter;
- increases of 5% apply in regions with a population density < 12.5 inhabitants/km²

Aid for newly created small enterprises in Article 87(3)(c) regions:
- up to 1 million € per enterprise
- may not exceed 25% of eligible expenses incurred in the first 3 years after the creation, and 15% in the 2 years thereafter.

Annual amounts of aid awarded for newly created small enterprises must not exceed 33% of the total amounts of aid per enterprise.

Eligible investments includes
- legal, advisory, consultancy and administrative costs related to the creation of the enterprise
- extended aid for SMEs, f.e. the costs of preparatory studies and consultancy costs linked to the investment may also be taken into account up to an aid intensity of 50 % of the actual costs incurred

Ceilings to regional aid

Regional investment aid for large investment projects (LIP) exceeding 50 million € is subject to an adjusted regional aid ceiling.

An automatic reduction in aid intensities applies:

Eligible investments	Adjusted regional aid ceiling
• Up to 50 million €:	100% of regional ceiling
• For the part between 50 million € and 100 million €:	50% of regional ceiling
• For the part exceeding 100 million €:	34% of regional ceiling

Individual notification of projects receiving more aid than allowed for a project with eligible expenses of 100 million € in that region is mandatory.

In depth assessment if:
- Beneficiary has > 25% market share
- Project adds more than 5% capacity in a market in relative decline

The EC will approve regional investment aid for LIPs only after a detailed verification, that the aid is necessary to provide an incentive effect for the investment and that the benefits of the aid measure outweigh the resulting distortion of competition and effect on trade between member states

Special regimes

Regional aid rules apply to all sectors except:
- coal industry;
- fisheries;
- primary agricultural production.

These sectors and industries are subject to specific rules

Prohibitions on regional investment aid:
- steel (except SMEs);
- synthetic fibres.

Regional aid can be awarded in:
- transport;
- shipbuilding;
- agricultural processing and marketing,

but special additional rules apply.

Taxation and cumulation of grants

Grants are not taxable in themselves, but are considered as company profits and taxes are paid on company profits.

In most cases, grants are deducted from the value of the depreciable investment

Regional aid may be cumulated with
- regional aid granted under other schemes,
- other public support, including structural funds, or de minimis support

provided that the maximum aid intensities laid down are not exceeded.

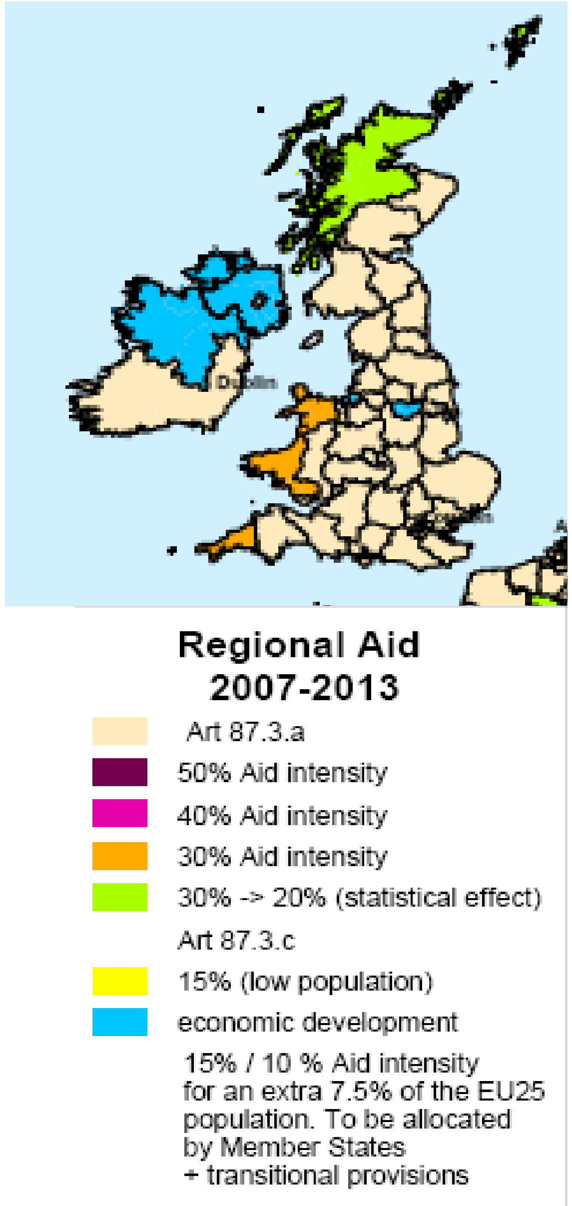
Ireland

Regions 2007 - 2013

Ireland's inward investment programme is a major driving force behind the growth of the Irish economy. It accounts for 35% of GDP, over 85% of manufactured exports, has a significant annual expenditure on Irish wages and salaries, raw materials, components and services and is a major contributor to the Irish Exchequer through corporation tax.

Ireland	Population covered
Article 87(3)(a) …	
Statistical effect …	
Article 87(3)(c)	50,0 %
Total population coverage 2007-2013	50,0 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)	25,0 %

Regions 2007 - 2013



The old Article 87(3)(a) areas are now recognised as economic development area, as their GDP increased well over 75% of the EU25 average. In order to ensure a smooth transition, these areas will continue to be allowed to receive regional aid at progressively reduced intensities.

Ireland also receives an additional population coverage of 25% under Article 87(3)(c) for a 2-year transitional period (2007-2008) at an aid intensity of 10%, in order to phase out regions which are not eligible for regional aid anymore.

The aid intensities for the different types of regions will be modified as follows:

- For the economic development region:
  - from 40% to 30% on 01/01/2007
  - then to 15% as from 01/01/2011

- For Article 87(3)(c) regions:
  - from 20% to 10% or 0%* on 01/01/2007 (* when they are no longer eligible)

- The regions eligible for transitional coverage:
  - 10% for 2007 and 2008
  - 0% as from 01/01/2009

Doing business in Ireland - Irish Development Agency

The Irish Development Agency (IDA)
- Irish Government Agency with responsibility for securing new investment from overseas in manufacturing and internationally traded services sectors
- Encourages existing investors to expand and develop their businesses

IDA's focus is to attract foreign investment that is of high value, requiring high skill levels and a sophisticated business environment
Attract overseas investment by
- Focusing on business sectors that are closely matched with the emerging needs of the economy and that can operate competitively in global markets from an Irish base
- Building links between international businesses and third level education and research centres to ensure the necessary skills and research and capabilities are in place
- Building world-leading clusters of knowledge-based activities
- Strongly influencing the competitive needs of the economy, and therefore the IDA is very active in the development of infrastructure and business support services, telecoms, education, regulatory issues especially in relation to EU policy

IDA Services
- Provides information on key business sectors and locations within Ireland
- Assists in setting up a business in Ireland
- Introduces potential investors to local industry, government, service providers and research institutions
- Offers advice on property solutions

IDA Financial Incentives
- IDA may provide financial assistance to companies wishing to locate in Ireland or expand their existing operations in Ireland. The unique characteristics of any proposed project will determine the incentive package available, in particular it's location
- The types of grants that are available include:
  - Employment Grant
  - Research and Development (R&D) Grants
  - Training Grants
  - Capital Grants

Doing business in Ireland - Irish Development Agency

IDA non-financial assistance

- Site visits tailored to a particular company's requirements which can include:
  - Introductions to companies already operation in Ireland
  - Introductions to relevant universities, training colleges or 3rd party service providers such as tax specialists, estate agents, banks and recruitment firms
- Provides a range of information relevant to doing business in Ireland
- Provides availability of industrial facilities
  - Owns business parks with purpose built factories which are ideal for new projects where the promoters do not wish to construct their own premises
  - Offers greenfield sites where promoters can erect custom-built factories
  - These sites usually come fully serviced with outline planning permission for industrial usage

IDA highlights (IDA Annual Report 2006)

- 71 new business projects were negotiated with new and existing clients which involve a total investment of 2.6billion € over the coming years.
- Investment in R&D continues to increase with 54 R&D projects supported by IDA in 2006 involving a total investment of almost 470 million €.
- Reflecting IDA's strategy of balanced regional development, 89 new investment projects (including 46 R&D investments) occurred outside of Dublin.
- IDA supported companies spent almost 15 billion € in the Irish economy in 2006 from their annual sales of 77 billion € and paid over 2.8 billion € in corporation tax
- Employment in IDA supported companies increasing by 3,795 in 2006, bringing total employment to 135,487

IDA Ireland Indicators 2006 - IDA Ireland Annual Report 2006	
Indicator	**2006 Value**
No. of Greenfield Projects	39
No. of Expansion Projects	32
Capital Investment in Approved Projects	€2.6bn
Average Salary in New Investments	42
Estimated Annual Corporate Tax Payments of IDA Client Companies	€2.8bn
No. of approved R&D Capability and Research, Technology Development and Innovation Projects by IDA Client Companies	54
Employment Creation (New Jobs)	11,846
IDA supported/initiated Industry-Academia R&D collaborations	5
No. of IDA Client Companies investing more than €250,000 per annum on R&D	212
No. of IDA Companies with significant corporate R&D mandate	168
No. of IDA Client Companies with mandate to supply product and services to Europe, Middle East and Africa (EMEA) markets	50

Doing business in Ireland - Regional services

Government development agencies are responsible for a particular region and provide a range grants similar to that offered by IDA Ireland
- Shannon Development for the Shannon region, which is located in the south west of Ireland;
- Udaras na Gaeltachta for the Gaeltacht region, which is largely rural and relatively sparsely populated.

Availability of incentives

Main criteria applied to determine the availability of incentives
- Location chosen within Ireland (!)
- Likely employment levels and quality of employment created (!)
- Long-term stability of the industry
- Suitability of the project to Ireland’s long-term industrial policy

The unique characteristics of any proposed project and its location will determine the incentive package available

It will generally be a matter for negotiation between the prospective investor and the appropriate government agency

Front-end incentives – Capital Grants

Description

- Grants towards the capital costs of site development, buildings, new machinery and equipment (Section 21 of the 1986 Act)

Funding

- The amount of a grant shall not exceed 60% of the cost of the fixed assets in the case of an industrial undertaking in a designated area or 45% of the cost of the fixed assets in the case of an industrial undertaking elsewhere than in a designated area (Section 21 of the 1986 Act)
- Small industrial undertakings can receive a grant on such terms and conditions as the IDA thinks proper in respect of any additional person employed in such an undertaking

Eligibility

- The company is an industrial undertaking that either
  - Will produce products for sale primarily on world markets, in particular those products which will result in the development or utilisation of local materials, agricultural products or other natural resources; or
  - Will produce products of an advanced technological nature for supply to internationally trading or skilled sub-supply firms within Ireland; or
  - will produce products for sectors of the Irish market which are subject to international competition; or
  - is a service industry.
- Other criteria for application
  - Financial assistance is necessary to ensure the establishment or development of the undertaking;
  - The investment proposed is commercially viable;
  - It has an adequate equity base;
  - It has prepared a suitable company development plan;
  - It will provide new employment or maintain employment that would not be maintained without this assistance and increase output and value added within the economy.

Front-end incentives – Grants towards reduction of interest

Fixed assets

- Description
  - Grant towards a reduction of the interest payable on a loan raised to provide fixed assets for the undertaking (Section 23 of the 1986 Act)
- Funding
  - The amount of a reduction of interest grant shall not exceed 60% of the cost of the fixed assets in the case of an industrial undertaking in a designated area or 45% of the cost of the fixed assets in the case of an industrial undertaking elsewhere than in a designated area
- Eligibility
  - Cfr. Capital Grants

Acquisition or amalgamation

- Description
  - Grant towards the reduction of interest payable on a loan raised in connection with an acquisition by an industrial undertaking of the whole or part of another industrial undertaking or in the case of an amalgamation between two or more industrial undertakings, for the purpose of promoting the restructuring of industry (Section 26 of the 1986 Act)
- Funding
  - The IDA shall not, without the prior permission of the Government, give a guarantee in respect of money borrowed in connection with an acquisition or amalgamation or make a grant towards the reduction of interest payable on a loan raised for such purposes where the amount of the principal of any money the subject of the guarantee and the amount of the grant payable towards the reduction of interest exceed in the aggregate £750,000

Establishment of an industrial undertaking

- Description
  - Grant towards the reduction of interest payable on a loan raised to provide working capital for the purpose of encouraging the establishment of an industrial undertaking by a suitably qualified person who has not, or has not to a significant extent, previously been an owner of an industrial undertaking (Section 27 of the 1986 Act)
- Funding
  - The IDA shall not, without the prior permission of the Government, give a guarantee in respect of money borrowed in respect of working capital or make a grant towards the reduction of interest payable on a loan raised to provide working capital for such an undertaking, where the amount of the principal of any money the subject of the guarantee and the amount of the grant payable towards the reduction of interest exceed in the aggregate £300,000
- Eligibility
  - Cfr. Capital Grants

Front-end incentives – Guarantee of loan

Fixed assets

- Description
  - The IDA may guarantee the due repayment of part of the principal of any money borrowed in respect of fixed assets of an industrial undertaking or the payment of interest on such money or both the repayment of the principal and the payment of such interest (Section 24 of the 1986 Act)

- Funding
  - The guarantee for money borrowed in respect of fixed assets shall not exceed 80% of the repayment of the principal or the payment of interest on such money
  - The IDA shall not, without the prior permission of the Irish Government, give in respect of a particular industrial undertaking a guarantee where the amount of the principal of any money guaranteed exceeds £750,000

- Eligibility
  - Cfr. Capital Grants

Acquisition or amalgamation

- Description
  - The IDA may guarantee the due repayment of the whole or part of the principal of any money borrowed in connection with an acquisition by an industrial undertaking of the whole or part of another industrial undertaking or in the case of an amalgamation between two or more industrial undertakings or the payment of interest on such principal or both the repayment of the principal and the payment of such interest, for the purpose of promoting the restructuring of industry (Section 26 of the 1986 Act)

- Funding
  - The IDA shall not, without the prior permission of the Government, give a guarantee in respect of money borrowed in connection with an acquisition or amalgamation or make a grant towards the reduction of interest payable on a loan raised for such purposes where the amount of the principal of any money the subject of the guarantee and the amount of the grant payable towards the reduction of interest exceed in the aggregate £750,000

Front-end incentives – Guarantee of loan

Establishment of an industrial undertaking

- Description
  - The IDA may guarantee the due repayment of part of the principal of any money borrowed in respect of working capital for such an undertaking or the payment of interest on the part so guaranteed of such principal or both the repayment of such part and the payment of such interest (Section 27 of the 1986 Act)

- Funding
  - The guarantee for money borrowed in respect of working capital shall not exceed 80% of the repayment of the principal or the payment of interest on such money
  - The IDA shall not, without the prior permission of the Government, give a guarantee in respect of money borrowed in respect of working capital or make a grant towards the reduction of interest payable on a loan raised to provide working capital for such an undertaking, where the amount of the principal of any money the subject of the guarantee and the amount of the grant payable towards the reduction of interest exceed in the aggregate £300,000

- Eligibility
  - Cfr. Capital Grants

Front-end incentives – Research and Development Grants

- Description
  - Grant towards the costs incurred in undertaking research and development (Section 29 of the 1986 Act)
  - Under the Strategy For Science, Technology and Innovation 2006-2013, Ireland has committed to spend 3.8 billion € over the next 7 years on R&D in order to ensure Ireland's place as one of the leading knowledge-based economies in fields such as life sciences, medical technologies, software and information technologies

- Eligibility
  - This grant applies to projects of research and development which
    - Have as their primary object the promotion or development of new or improved industrial processes, methods or products in Ireland, and, in particular, such processes, methods or products as are likely either to involve the use or development of local materials, agricultural products or other natural resources or to offer prospects of expansion in existing industry, promotion of new industry or to increase industrial employment or to enhance the viability, competitiveness or strategic importance of existing industry in Ireland;
    - Are carried out wholly or mainly in Ireland and wholly or mainly sponsored by one or more than one industrial undertaking in Ireland.

- Taxation
  - Cf. tax incentives

Front-end incentives – Research and Development Grants

- Funding
  - The amount of a research grant shall not exceed 50% of the approved costs of the research and development concerned or €2,500,000 whichever is the smaller sum
  - The amount of a research grant may, with the approval of the Government in a particular case, exceed €2,500,000 by such sum as the Government shall in that case specify, provided that the 50 percentage limit is not exceeded
  - Approved costs are such expenditure that has been or will be incurred by the undertaking for the purpose of promoting the research and development concerned and has been or will be expended on
    - The provision of sites or premises (including the acquisition of land), the construction and adaptation of buildings, and the provision of services and other works;
    - The provision of plant, machinery, equipment and materials;
    - The payment of fees or other remuneration to technical advisers consulted in connection with the research and development;
    - The salaries and wages paid to and the travel and subsistence expenses of persons engaged on the research and development or in identifying product or process development prospects within the industrial undertaking; and
    - Overhead charges associated with the research and development
  - Small industrial undertakings can receive an additional grant up to one-third of a research grant prior to the approved costs being incurred
  - The amount paid shall be repaid to the IDA if the research or development project concerned has not been carried out to the satisfaction of the IDA
  - The IDA shall not, without the prior permission of the Government, give in respect of a particular industrial undertaking, research grants exceeding in the aggregate the higher of:
    - £2,500,000; or
    - £2,500,000 in excess of the aggregate amount of research grants for which the permission of the Government has previously been obtained by the IDA

Front-end incentives – Technology acquisition grants

- Description
  - Grant to an industrial undertaking towards the costs of acquiring product or process technology
  - Product or process technology includes patents, designs, trade marks, trade secrets, copyright, proprietary and non-proprietary information and techniques
  - The acquisition of product or process technology has as its primary object the improvement of the technological capability of one or more than one industrial undertaking and the production or application of advanced industrial processes or products in Ireland
- Eligibility
  - Cfr. Capital Grants

Front-end incentives – Technology acquisition grants

- Funding

  - The amount of a technology acquisition grant shall not exceed 50% of the approved costs of acquisition of the technology concerned or £250,000, whichever is the smaller sum

  - The amount of a technology acquisition grant may, with the approval of the Government in a particular case, exceed £250,000 by such sum as the Government shall in that case specify, provided that the 50% limit is not exceeded

  - Approved costs are such expenditure by the industrial undertaking or undertakings concerned as the IDA is satisfied has been incurred for the purpose of acquiring the product or process technology concerned and has been expended on:
    - Acquiring or an option to acquire a licence or knowledge of a product or method of production;
    - The payment of fees or other remuneration to technical advisers consulted in connection with the acquisition of the technology; and
    - The salaries and wages paid to, and the travel and subsistence expenses of persons engaged in the acquisition of the technology

  - The IDA shall not, without the prior permission of the Irish Government, give in respect of a particular industrial undertaking, technology acquisition grants exceeding in the aggregate the higher of:
    - £500,000; or
    - £500,000 in excess of the aggregate amount of technology acquisition grants for which the permission of the Government has previously been obtained by the IDA

Operating incentives – Employment Grant

- Description
  - Grant towards the employment of persons in a service industry carried on as a separate undertaking (Section 25 of the 1986 Act)

- Funding
  - The Authority may make a grant on such terms and conditions as it thinks proper in respect of a person employed in an industrial undertaking
  - Without the prior permission of the Government, the total amount of money granted as an employment grant to a particular undertaking shall not exceed in the aggregate the higher of
    - €5,000,000, or
    - €5,000,000 in excess of the aggregate amount of such expenditure for which the prior permission of the Government has previously been obtained

- Eligibility
  - The service industry would contribute significantly to regional and national development and, in particular
    - Would be commercially viable;
    - Would have good prospects for growth;
    - Would not be developed in the absence of an employment grant.

Tax incentives – Corporation tax rates

- Description
  - Ireland offers one of the most beneficial corporate tax environments in the world
  - The main emphasis of the tax regime for trading companies is on a single low rate of tax rather than on incentives that reduce the quantum of taxable profits
- Applicable tax rates
  - A corporation tax rate of 12.5% (10% in limited circumstances) applies to all corporate trading profits (active income)
  - A 25% corporation tax rate applies to passive income of companies (interest, royalties, dividends and rents from property) and active income earned wholly outside of Ireland
  - A 20% corporation tax rate applies to capital gains
    - Disposals of substantial shareholdings in certain subsidiary companies are exempted from Irish capital gains tax provided that certain criteria are met

Tax incentives – Intellectual Property (IP)

- Tax deductions for acquired or developed IP
  - Tax treatment depends on the nature of the IP rights
    - Scientific research is allowable as a trading expense in the year in which the expenditure is incurred
    - Patents can be written off and a tax deduction generally claimed over 17 years on a straight-line basis
    - Know-how can be written off fully as a trading expense in the year in which it is incurred
    - Software used for business purposes is written off over 8 years at 12,5% on a straight-line basis
    - A deduction is available for the costs of obtaining the registration of a trademark

- Licensing
  - It is common for multinational companies to have licensing arrangements with Irish subsidiaries
  - Charges in connection with license fees and royalties are deductible where expended for business purposes and provided they are not excessive

- Patent royalty tax exemption
  - Irish tax residents may be exempt from tax on all royalty income from "qualifying patents"
  - From 1 January 2008, changes to legislation will extend the scope of the patent exemption but will also put a monetary ceiling on the annual amount of exempt income

Tax incentives – Tax credit for research and development expenditure

A 20% tax credit applies to incremental expenditure on R&D incurred by companies that are themselves trading or are members (more than 50% owned) of a trading group

This tax credit is in addition to the corporate tax deduction that is otherwise available for the expenditure

Qualifying expenditure

- The expenditure must be incurred in carrying on R&D activities in the European Economic Area
- The expenditure must be tax deductible only in Ireland
- The expenditure must be incurred on systematic, investigative or experimental activities in certain fields of science or technology

A separate R&D tax credit of 20% is also available for capital expenditure on R&D building facilities and will be given over a period of 4 years but is not limited to incremental expenditure

Tax incentives – Repatriation of profits from Ireland

Dividends

- In general a dividend withholding tax rate of 20% applies
- Reduced or zero withholding on dividends paid to shareholders in treaty countries or EU Member States
- Domestic legislation provides for exemptions from dividend withholding tax for dividends paid to most categories of inward investor

Interest

- Interest withholding tax rate of 20% applies to interest payments made on loans and advances capable of lasting for 12 months or more
- Where interest is paid in the course of a trade or business to a company resident in an EU or treaty country, no withholding tax will apply

Royalties

- Withholding tax at 20%, except where the recipient is resident in a treaty country and the relevant treaty provides for a reduction or elimination of withholding tax

Central cost recharges will not attract withholding tax

Soft incentives – Training Grant

- Description
  - A training grant may be made for the training of persons for positions of supervision or management in an industrial undertaking or for the engagement of instructors, technical advisers or consultants to train (or assist in the training of) persons for such positions (Section 28 of the 1986 Act)
- Funding
  - the IDA may make a training grant on such terms and conditions as it thinks proper, for the training (either in Ireland or elsewhere) of persons in the processes of an industrial undertaking
  - The amount of training grants made in respect of a particular industrial undertaking shall not exceed the sum of the amount of wages or salaries paid by the undertaking during the period of training to the persons being trained, the amount of expenses paid to those persons by the undertaking for travel and subsistence and the amount paid by the undertaking in respect of fees (including fees and remuneration of instructors, advisers and consultants) and similar expenses connected with the training
  - The IDA shall not, without the prior permission of the Government, give in respect of a particular industrial undertaking training grants exceeding in the aggregate £2,000,000
- Eligibility
  - Cfr. Capital Grants

Wales

National versus regional incentives

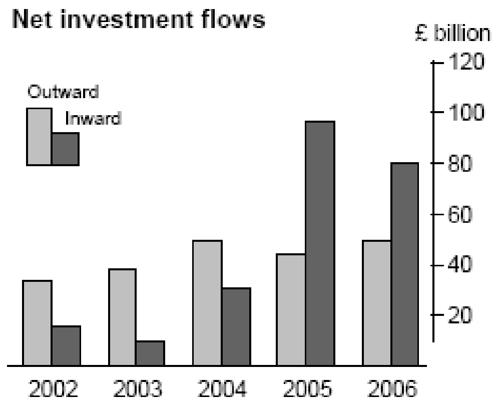
A distinction can be made between incentives offered by the national government (referred to as generic incentives) and incentives offered by the Welsh government (referred to as territorial incentives).

National incentives are mostly tax incentives, as they are determined by the national government and have no regional implications. The goal of these incentives is to attract foreign direct investment to the country, regardless where the investor chooses to invest.

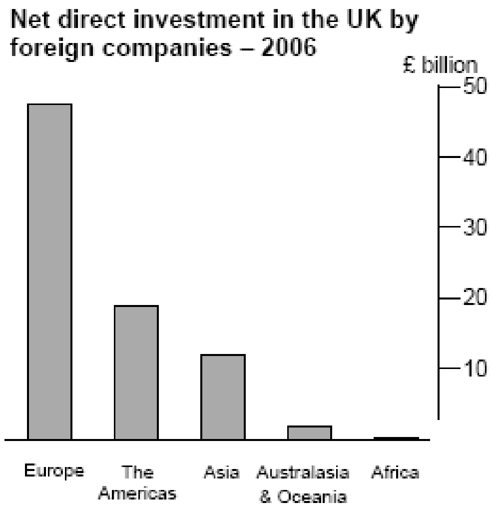
Whereas the territorial Welsh incentives have a regional focus and are integrated in the regional strategy of Wales. Their goal is to attract foreign direct investment in a certain region and stimulate development in that region.

Doing business in the UK

Net direct investment by foreign companies in UK companies amounted to £80.3 billion in 2006, a decrease of £16.5 billion on the investment recorded in 2005.



The fall in net investment in the UK reflects decreases from Europe, down £32.5 billion to £47.6 billion, and Australasia & Oceania, down £1.6 billion to £1.8 billion. Asia accounted for the largest increase in 2006, up £16 billion to £11.8 billion from a net disinvestment of £4.2 billion in 2005. Investment from The Americas increased by £1.5 billion to £18.9 billion and the figures for investment from Africa remained steady at £0.1 billion.



Wales has been allocated over €2.2 billion (over £1.5 billion) by the European Union for the period 2000-2006. With match funding from a variety of public, private and voluntary sources the Structural Funds are worth some €4 billion (over £3.2 billion) in Wales.

Front-end incentives

- Enterprise Capital Funds (ECFs)
  - Commercial funds, investing a combination of private and public money in small high-growth businesses that are seeking up to £2 million of equity finance
  - Government provides up to 2/3 of the capital, in return for a preferred return at or close to Gilt rate (4,5%) and a limited share in any profits of the fund

- Phoenix Fund
  - Established to encourage entrepreneurship in disadvantaged areas and within disadvantaged groups
  - Support for Community Development Finance Institutions (CDFIs)
    - To improve the availability of business finance to SMEs and social enterprises operating within disadvantaged communities
  - Community Development Venture Fund (CDVF) in England
  - Enterprise Capital Funds
  - Business Incubation Development Fund

- Improvement of Basic Services
  - Provides a grant where adequate provision has not been made for the needs of any Assisted Area in respect of a basic service (facilities for transport or of power, lighting, heating or any service or facility on which the development of the area in question and in particular of industrial undertakings therein depends)

Soft incentives

- Small Business Service
  - To ensure that Government understands and responds to the needs of small businesses and entrepreneurs
  - Key focus areas
    - Building an enterprise culture
    - Opening up public procurement
    - Simplification of business support
    - Better regulation

- Business Link Operators (www.businesslink.gov.uk)
  - Provides the information, advice and support needed to start, maintain and grow a business
  - Available to all businesses

- Business Incubation Development Fund (BIDF)
  - Available for business incubator running costs linked to the provision of business advice

Tax incentives: advantages for new businesses

- Capital allowances
  - Deduction of a proportion of the cost of purchase of certain types of premises and equipment from the business' taxable profits over several years
  - Many SMEs qualify for higher rates of capital allowances on equipment in the year of purchase.
  - First-year capital allowances (FYAs) are normally 40%, with an increase up to 50% for small businesses
  - Businesses can claim 100% FYAs on their investment in designated energy-saving and water efficient plant and machinery
  - Businesses can claim 100% FYAs on expenditure incurred until 31 March 2008 on new cars with CO2 emissions not exceeding 120gm/km, and equipment for refuelling vehicles with natural gas or hydrogen fuel
  - Businesses can claim 100% Research and Development Allowances (RDAs) for capital expenditure on R&D
  - Ability to claim capital allowances on the rental costs of plant and machinery obtained under "long funding leases" lasting more than five years.
  - As from April 2008
    - First-year allowances will be replaced by an Annual Investment Allowance for the first £50,000 of investment in plant and machinery
    - New tax credit for losses incurred as a result of capital expenditure on designated "green technologies“

- Business Premises Renovation Allowance
  - From 11 April 2007, businesses in designated disadvantaged areas can claim 100% capital allowances on the costs of renovating or converting business properties that have been vacant for more than one year provided those costs are incurred on or after 11 April 2007

- Tax relief on computers lent to employees
  - Unlike most assets loaned to employees, no pay tax or National Insurance contributions have to be paid on the value of any computer worth up to £2,500 that is lend to an employee for business purposes.
  - Since 2005, tax has not been payable where employees buy computers from their employer at market value that they have previously been lent

- Enterprise Investment Scheme
  - Helps certain types of small unquoted companies to raise capital by providing tax relief for investors in these companies

- Tax relief and credits for research and development
  - Qualifying small and medium-sized companies can deduct an allowance of 150% of appropriate research and development (R&D) spending when calculating their taxable profits
  - A non-profit company can exchange qualifying R&D losses for a cash payment from the government
  - Subject to state aid approval the tax relief will be increased to 175% in 2008/09

- Stamp duty exemptions in disadvantaged areas
  - Businesses in specified disadvantaged areas are exempt from stamp duty on residential property transactions up to £150,000 (£125,000 elsewhere)
  - The exemption from stamp duty for commercial property transactions in disadvantaged areas ended on 17 March 2005

Tax incentives: Corporate income tax

- Tax rates for 2007 -2008

Corporate Tax Rates	**Taxable profits (£)**
Small companies' rate 20%	0 – 300,000
Marginal relief (blended between 20% and 30%)	300,001 – 1,500,000
Main rate 30%	1,500,001 or more

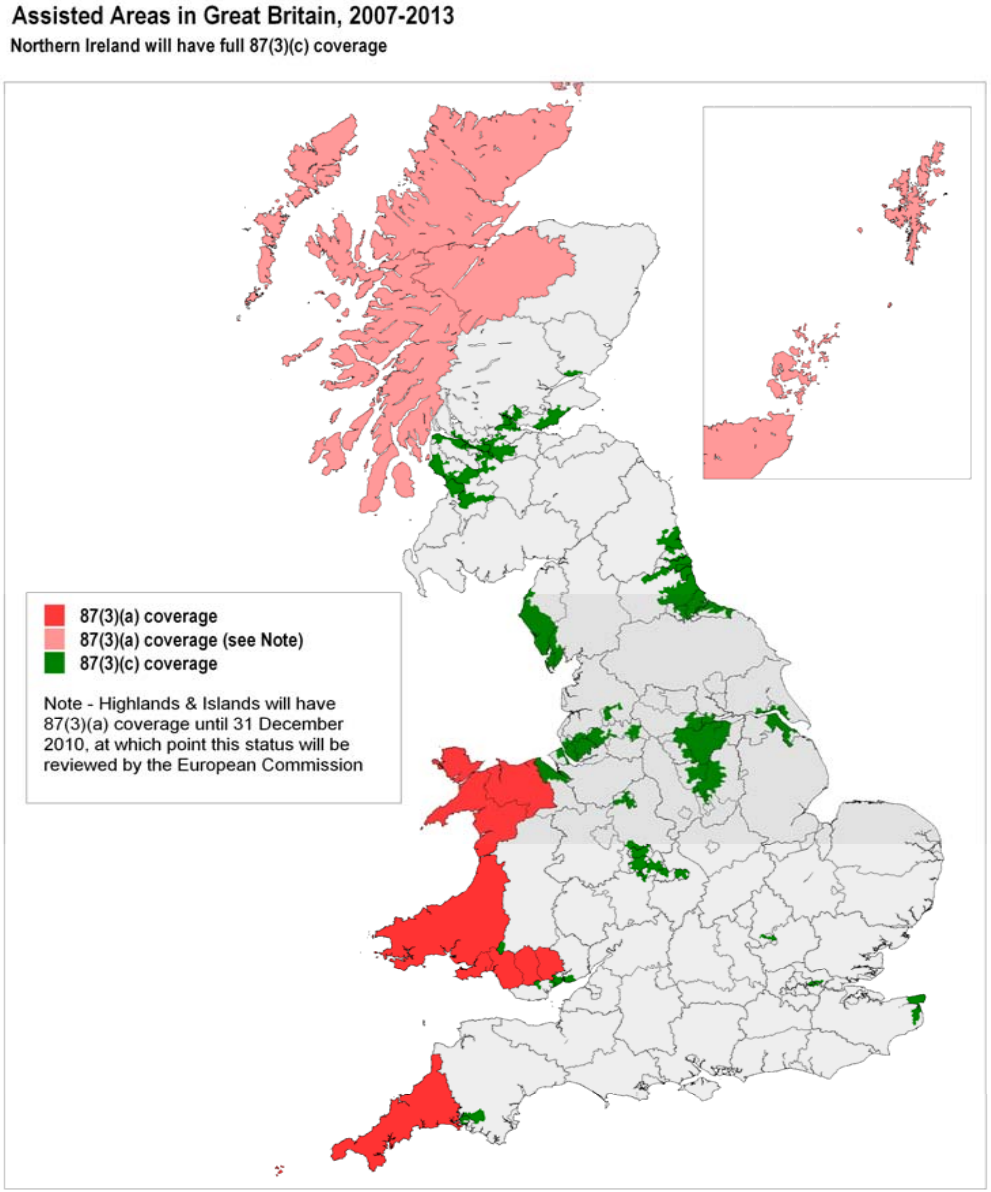
UK Assisted Areas

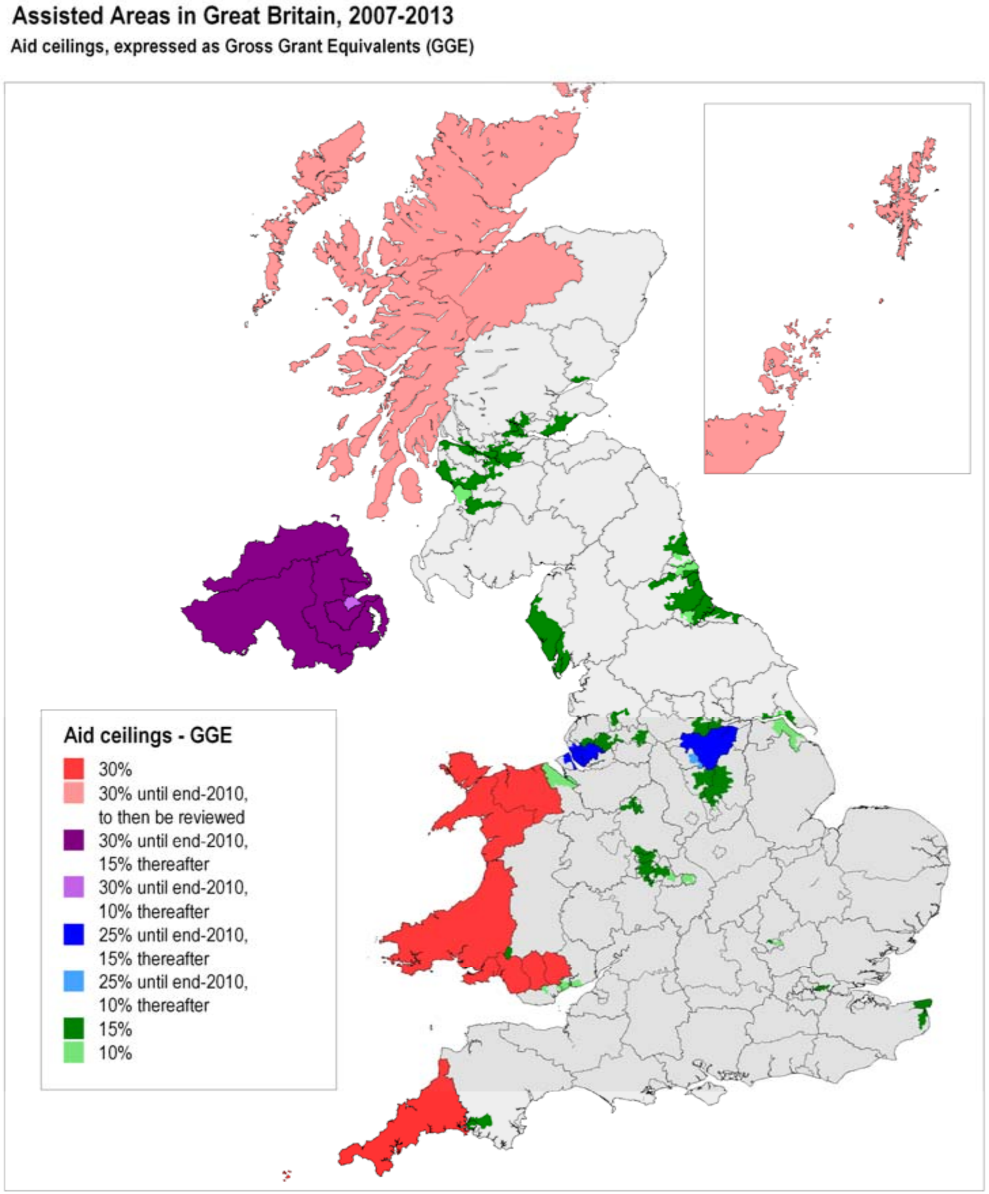
- Assisted areas are areas of the English regions that have relatively low levels of economic activity and high and persistent unemployment, where regional aid for economic development may be granted under European Community Law

- In Great Britain the main forms of State Aid is through discretionary grant schemes:
  - Selective Finance for Investment in England (SFIE) which helps fund new investment projects that lead to long-term improvements in productivity, skills and employment.
  - Regional Selective Assistance (RSA) - administered by RSA Scotland, part of the Scottish Executive, aimed at encouraging new investment projects, strengthening existing employment and new job creation.
  - RSA Cymru Wales (Regional Selective Assistance) - delivered by the Welsh Assembly Government to help support new commercially viable capital investment projects that create or safeguard permanent jobs.

United Kingdom	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Cornwall & Isles of Scilly	70,16	
	West Wales and the Valleys	73,98	
			4,0 %
Statistical effect	Highlands and Islands	77,71	0,6 %
Article 87(3)(c)			19,3 %
Total population coverage 2007-2013			23,9 %

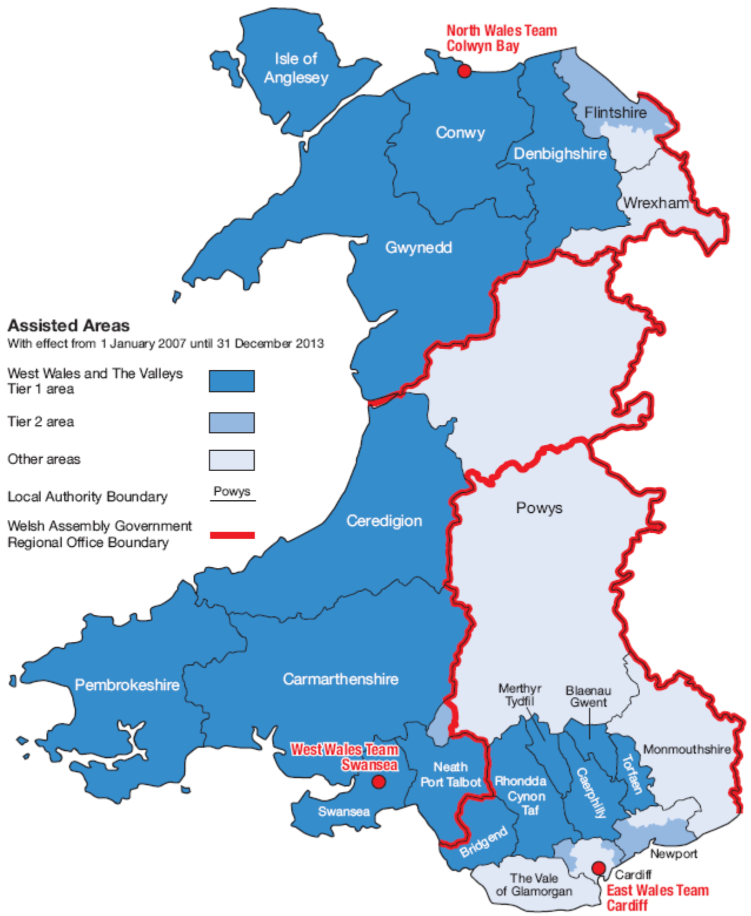
UK Assisted Areas





Assisted Areas of Wales

Assisted Areas of Wales
January 2007 to December 2013



In Wales, restructuring away from coal and steel dependence has been led by substantial foreign investment.

There are indications that in Wales the FDI sector is becoming more embedded locally, with some foreign plants increasing local purchasing and tutoring suppliers.

Welsh Assembly Government

- The Welsh Assembrly Government offers different types and levels of support
  - Investment Funding
  - SMART Cymru
  - Tourism Grant
  - Environmental Goods and Services initiative (EGS)
  - Property Development Grant (PDG)
  - Business Premises Improvement Grant (BPIG)
  - Finance Wales

- Support to enable foreign investors to
  - Start up
  - Expand
  - Modernise
  - Restructure
  - Develop new products or processes

- Type and level of support is influenced by a number of factors, including:
  - Size of the business
  - Nature of the project
  - Location in Wales
  - Potential benefits for the Welsh economy

Front-end incentives

Financial assistance (defined by the Industrial Development Act of 1982) may be
- Investment by acquisition of loan or share capital in any company,
- Investment by the acquisition of any undertaking or of any assets,
- A loan, whether secured or unsecured, and whether or not carrying interest, or interest at a commercial rate,
- Any form of insurance or guarantee to meet any contingency

The following front-end incentives are available to investors:
- Investment Funding
- SMART Cymru
- Environmental Goods and Services initiative
- Property Development Grant
- Business Premises Improvement Grant
- Finance Wales

Front-end incentives - Investment Funding

- Funding
  - Regional Selective Assistance (RSA): for capital investment that creates or safeguards permanent jobs in the Assisted Areas of Wales
  - Assembly Investment Grant (AIG): to help small and medium sized enterprises make new commercially viable capital investments

- The amount granted will always be the minimum needed for the project to go ahead

Front-end incentives - Investment Funding: Regional Selective Assistance

- Description
  - Available for capital investment in an Assisted Area of Wales

- Eligibility
  - Criteria for applications for RSA (Assistance under Section 7 of the IDA 1982)
    - Location – projects were located within Assisted Areas;
    - Need (additionality) – applicants have to demonstrate that support is necessary to enable the project to proceed;
    - Eligible investment – expenditure on fixed assets or related to the creation of new jobs, to expand or modernise an existing company or establish a new one;
    - Jobs – create or safeguard sustainable jobs when support is greater than £100.000;
    - Viability – projects that have a good chance of becoming self-sustaining within 3 years;
    - National and regional benefit – indications that project would make a positive long-term contribution to both the regional and national economies;
  - Other criteria
    - Most of the project finance must come from the firm's own resources and from the private sector;
    - Business in the manufacturing or service sectors, providing they serve more than the local market;
    - Assessed against the contribution to the broader aims of the Welsh Assembly Government.

Front-end incentives - Investment Funding: Regional Selective Assistance

- Funding
  - Expenditure can include investment in capital assets and/or intellectual property
  - For businesses needing more than £75.000 (no upper limit on the amount)
  - Maximum sum: between 7,5% and 50% of the project expenditure eligible for a grant
  - Depends on the size of the business and location of the project

- Welsh Industrial Development Advisory Board
  - Advises Assembly Ministers on applications for RSA where the level of assistance is in excess of £500.000

	Grant ceilings (% of eligible capital costs or eligible salary costs)		
Wales	small firms	medium firms	non-SMEs
tier 1 (West Wales and the Valleys)	50%	40%	30%
tier 2 (Ystradgynlais area)	35%	25%	15%
tier 2 (parts of Newport, Cardiff and Flintshire)	30%	20%	10%

Front-end incentives - Investment Funding: Regional Selective Assistance

Country	Applications received 01.04.06 to 31.03.07 No.	Applications received 01.04.06 to 31.03.07 Value (£000)	Cumulative applications received 01.04.97 to 31.03.07 No.	Cumulative applications received 01.04.97 to 31.03.07 Value (£000)
Wales				
Development Area	-	-	154	103.994
Intermediate Area	-	-	324	159.914
Tier 1	94	67.532	1.037	653.333
Tier 2	35	28.970	281	238.612
Total	129	96.502	1.796	1.155.853

Country	Offers accepted 01.04.06 to 31.03.07 No.	Value (£000)	Associated project costs (£000)	Forecast employment New	Forecast employment Safeguard	Payments 1.4.06 to 31.03.07 (£000)
Wales						
Development Area	-	-	-	-	-	-
Intermediate Area	-	-	-	-	-	-
Tier 1	79	51.829	173.211	2.802	2.248	36.657
Tier 2	23	11.820	39.222	1.353	160	15.777
Total	102	63.649	212.433	4.155	2.408	52.434

Country	Offers accepted 01.04.06 to 31.03.07 No.	Value (£000)	Associated project costs (£000)	Forecast employment New	Forecast employment Safeguard	Payments 1.4.06 to 31.03.07 (£000)
Wales						
UK owned	88	34.987	109.054	3.189	1.118	28.557
Foreign owned	14	28.662	103.379	966	1.290	23.877
Total	102	63.649	212.433	4.155	2.408	52.434

Until 31 December 1999, the Assisted Areas were known as Development Areas and Intermediate Areas
Tier 1: Article 87(3)(a) regions
Tier 2: Article 87(3)(c) regions

Front-end incentives - Investment Funding: Assembly Investment Grant

- Description
  - Available only to SMEs (fewer than 250 people & turnover < 50million €)
  - Projects can involve new start-up, expansion, modernisation or restructuring
  - Provides easier and less costly access to grant assistance, with
    - Simpler procedures
    - Faster turnaround times for applications and claims

- Funding
  - Expenditure can include investment in capital assets and/or intellectual property
  - Available throughout Wales and provides grants between £5.001 and £75.000
  - Maximum sum: between 7,5% and 50% of the project expenditure eligible for a grant

- Eligibility
  - Project is located within Assisted Areas of Wales
  - Capital investment is a prerequisite (like RSA)
  - Job creation is not necessarily needed (unlike RSA)
  - Most of the project finance must come from the firm’s own resources or from private sector sources
  - Business in the manufacturing or service sectors, providing they serve more than the local market
  - Existing business must be viable and have a positive balance sheet
  - Demonstrate that support is necessary to enable the project to proceed
  - Project must make a positive, long-term contribution to local and national economy

Front-end incentives - Investment Funding: Assembly Investment Grant

	Grant ceilings (% of eligible capital costs or eligible salary costs)	
Wales	small firms	medium firms
tier 1 (West Wales and the Valleys)	50%	40%
tier 2 (Ystradgynlais area)	35%	25%
tier 2 (parts of Newport, Cardiff and Flintshire)	30%	20%
other areas	15%	7,5%

	Applications received and offers accepted 01.04.06 to 31.03.07					
	Applications received		Offers accepted		Associated project costs (£000)	Payments 1.4.06 to 31.3.07 (£000)
Country	No.	Value (£000)	No.	Value (£000)		
Wales	295	11.092	196	6.317	23.457	5.752

Front-end incentives - SMART Cymru

- Description
  - Programme designed to support innovation and Research and Development that can help the business to develop and commercialise innovative products and processes
  - Provides easy access to funding for product and process development
  - Provides advice and support from professionals who are highly experienced in the field of technological innovation

- Funding
  - Available to individuals and companies of all sizes that are located in Wales
  - To help the company through the key steps of the innovation process
    - Technical and commercial feasibility
    - Industrial research
    - Pre-competitive development or design and development
    - Exploitation (assist with commercial exploitations costs)

Front-end incentives - Environmental Goods and Services initiative

- Description
  - Supports the establishment and growth of EGS suppliers
  - Provides advice
  - Provides financial support

- Funding
  - Support to Welsh-based companies involved (or wishing to be involved) in the market for environmental goods and services
  - Grants for specialist advice: up to £1.500 for covering the costs, with a further £1.500 provided if this amount is matched by the company
  - Grants for project implementation: a limit of £10.000 or up to 50% of costs (whichever is lowest)
  - Innovation advice grant: support for very specialist consultancy to a limit of £4.000 or 50% of costs (whichever is lowest)
  - Innovation implementation grant: up to £15.000 or 50% of costs (whichever is lowest)

- Eligibility
  - List of eligible environmental sectors
  - SME located in the Objective 1 area of Wales

Front-end incentives - Property Development Grant

- Description
  - Available to private sector, commercial and industrial companies for provision of new premises or extension to existing premises

- Funding
  - Provided on the basis of the deficit between the cost of the proposed works and the value of the completed works
  - Support is dependent on the size of the company and its location according to the Assisted Areas

- Eligibility
  - SMEs with less than 250 employees based anywhere in Wales
  - Large enterprises with more than 250 employees must be based within the Assisted Areas
  - Eligible applicants include developers, investors, contractors, owner occupiers and other land owners
  - Eligible expenditure includes investigations, land, demolition, reclamation, site preparation, infrastructure, premises, professional fees and finance

Front-end incentives - Business Premises Improvement Grant

- Description
  - Available to private sector enterprises in Wales for the refurbishment, extension or fitting out of the premises they occupy (commercial or industrial) where there is a deficit between the cost of the work and the value

- Funding
  - Provided as a proportion of the difference between the capital cost and the value of the project – normally up to 50% of eligible development costs

- Eligibility
  - SMEs with less than 250 employees based anywhere in Wales
  - Large enterprises with more than 250 employees must be based within the Assisted Areas
  - Eligible applicants include private sector enterprises in the commercial and industrial sectors that occupy the premises to be improved through grant aid
  - Premises should be freehold or leasehold, with a minimum of 10 years
  - Restrictions include process plant and machinery, transport equipment, normal maintenance, residential premises and work to meet statutory requirements

Front-end incentives - Finance Wales

- Description
  - Provides commercial funding to SMEs throughout Wales, enabling them to realise their potential for innovation and growth
  - Finance Wales is a subsidiary company of the Welsh Assembly Government and operates on a commercially independent basis
  - The aim is to develop self-sustaining funds which will support the continued growth of SMEs in Wales

- Funding
  - From loans of £1.000 up to equity investments of £1 million

- Eligibility
  - SMEs employing up to 250 employees based in Wales with growth ambitions and an annual turnover of up to €50 million

Operating incentives

- Tourism grant
- See front-end incentives for
  - SMART Cymru
  - Environmental Goods and Services initiative

Operating incentives - Tourism grant

- Description
  - Encourage quality product development

- Funding
  - Grant scheme designed to
    - improve business competitiveness
    - Maximise the economic and social benefits likely to arise
  - Types of grants
    - General guidance notes: an integrated investment support scheme to tourism businesses in Wales undertaking capital investment in line with the strategy for the tourism industry in Wales
    - Access small grant: a small grant scheme to assist tourism businesses in Wales undertaking capital investment to improve access and facilities for disabled persons
    - Golf tourism: winning the Ryder Cup bid has provided a catalyst to awaken Wales fully to the potential of golf tourism
    - Visitor amenity: scheme to enhance the visitor experience through what may be individually small, but collectively significant, improvements to visitor amenities and the local environment generally
    - Adfywio: a £750,000 capital grant scheme funded by European Objective Two funds for businesses in Objective Two Core Areas of Powys
    - Bilingual sign scheme: scheme to encourage the provision of bilingual signs for businesses within the private sector
    - HERIAN: a partnership of local authorities, national bodies, voluntary organisations and community groups operating across industrial South Wales
    - Heads of the Valley: grant for improving the quality of the business within the Heads of the Valley

Soft incentives

- SMART Cymru (see front-end incentives)

Hungary




Hungarian Investment and Trade Development Agency

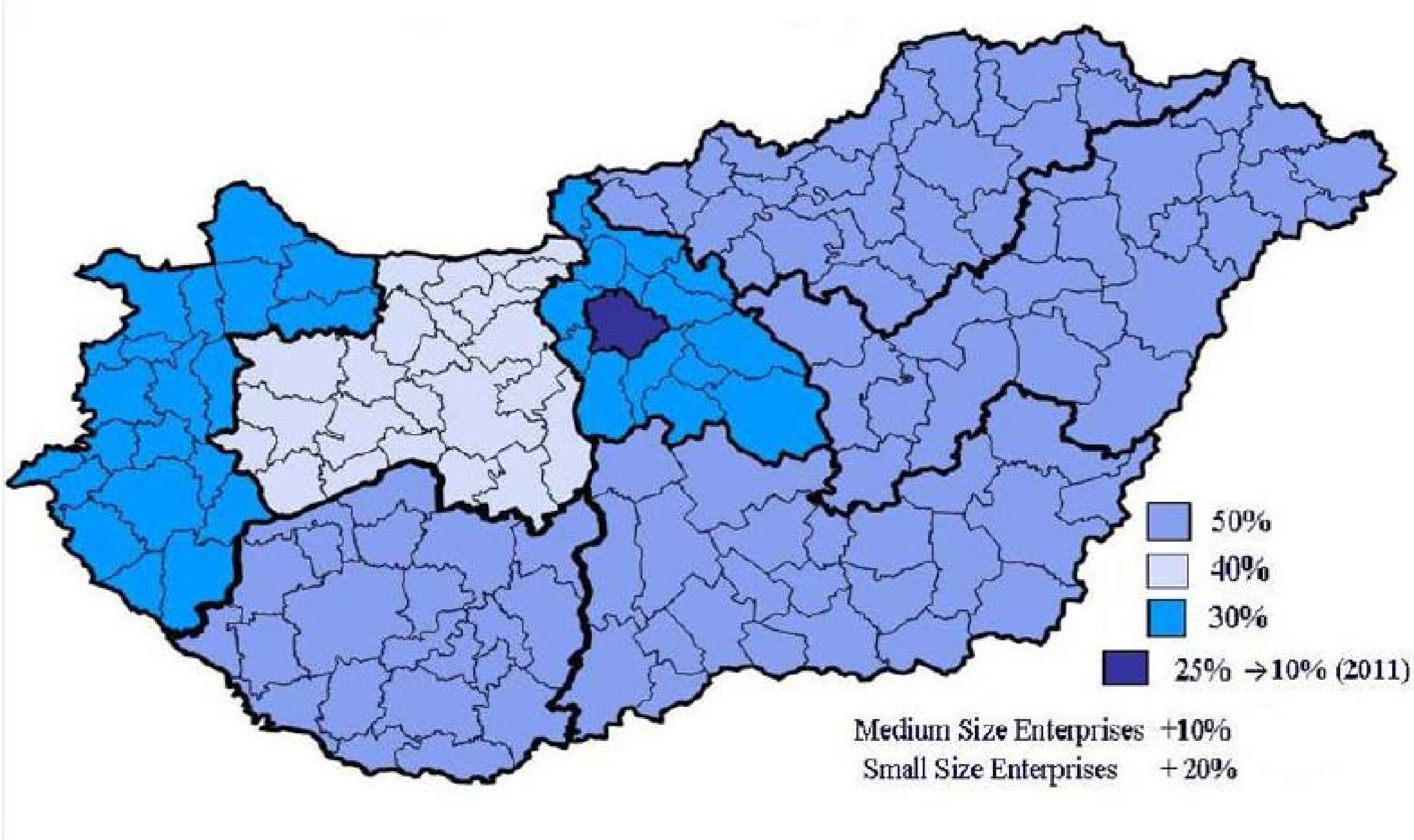
- About ITD Hungary
  - A beneficiary of EU support primarily to small and mid-sized enterprises and investors
  - Partnership with three major government organisations:
    - The National Development Agency
    - The Ministry of Economy and Transport
    - The Hungarian Economic Development Centre
  - ITDH's achievements in figures
    - It's teams are currently assisting more than 300 investment projects
    - ITDH has been involved in 57 successfully completed investment projects
    - The agency has helped attract €1.28 billion in foreign capital to Hungary
    - The work has helped create 7,400 new jobs
    - ITDH has supported 302 grant applications
    - ITDH has prepared 523 government funding contracts

- The incentive system for strategic investors
  - The incentive package may contain the following
    - Cash subsidy decided individually by the Hungarian Government
    - Development tax allowance
    - Training subsidy
    - Job creation subsidy
  - ITDH supports investment projects exceeding EUR 10 million with one-stop-shop service
    - VIP treatment
    - full information on potential subsidies for investment projects

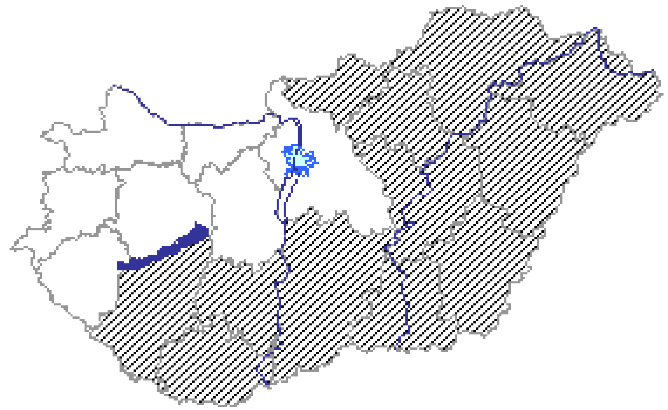
Hungary Assisted Areas

Hungary	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Észak Magyaroszág	36,10	
	Észak Alföld	36, 31	
	Dél Alföld	39,44	
	Dél Dunántúl	41, 36	
	Közép Dunántúl	52,28	
	Nyugat Dunántúl	60, 37	
			72,2 %
Statistical effect ...			
Article 87(3)(c) ...			27,8 %
Total population coverage 2007-2013			100,0 %

Regional aid map 2007 - 2013



Front-end incentives - Cash subsidy



- Description
  - Provided by the Ministry of Economy and Transport, with the assistance of ITDH

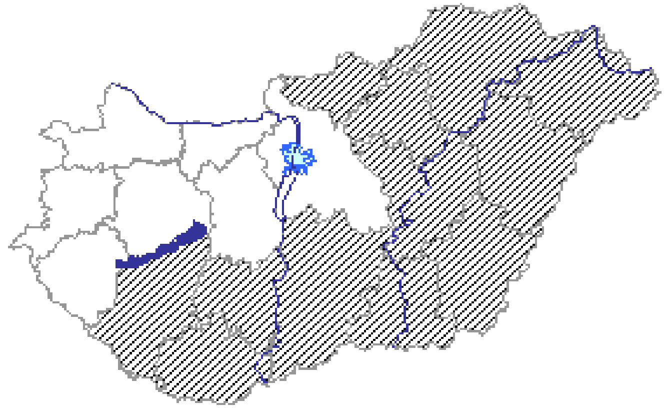
- Funding
  - The amount of the subsidy is decided individually by the Hungarian Government
  - If investment volume exceeds EUR 100 million and subsidy to be granted is higher than EU threshold for the applicable region, approval of the European Commission is needed

- Eligibility
  - Investment volume
    - In case of manufacturing, R&D and regional service center projects at least EUR 10 million
    - In case of tourism projects at least EUR 50 million
  - Job creation potential

Investment volume	Scope of investment	In non-preferred regions (min.)	In preferred regions (min.)*
> EUR 50 million	Tourism, manufacturing, regional service center	**100**	**50**
EUR 10 - 50 million	Manufacturing, regional service center	**50**	**25**
> EUR 10 million	Logistics center, R&D	**10**	**10**

- * Preferred regions: Northern Hungary, Great Hungarian Plain (North and South), South Transdanubia

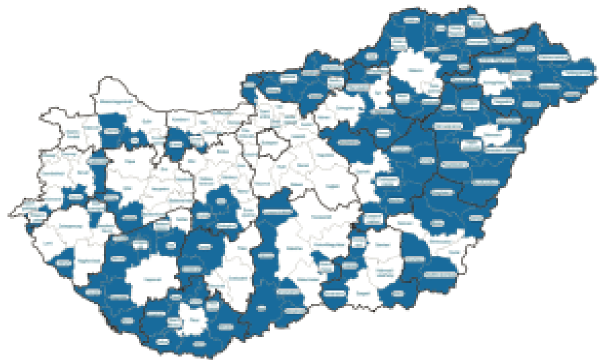
Front-end incentives - Job creation subsidy



- Description
  - Provided by the Ministry of Social Affairs and Labour

- Funding
  - Subsidy per investment is maximum EUR 320 000, which increases
    - By EUR 320 000 in disadvantaged regions
    - By EUR 400 000 if headcount increases by at least 300
  - Subsidy per new employment created is maximum EUR 3.200, which increases
    - By EUR 800 in disadvantaged micro-regions*
    - By EUR 800 when contracting registered
    - unemployed labour
    - By EUR 400 when contracting labour of
    - Roma origin

*micro-regions



- Eligibility
  - Applicable to projects in less developed regions
  - (in economic, social and labour-market terms), if
  - individual cash subsidy has been granted by the Hungarian Government
  - No minimum investment value required
  - Minimum requirements (these conditions should be met by the company for a five-year period from the third tax year following the tax year in which the development tax allowance is first utilized)
    - At least 300 new workplaces should be created in and around Budapest and the Western, more developed regions of Hungary
    - Companies should create at least 150 new workplaces in preferred regions
    - In the 48 less-developed regions, the minimum requirement is only 20 new jobs
    - 20% of the newly-hired employees should be new graduates

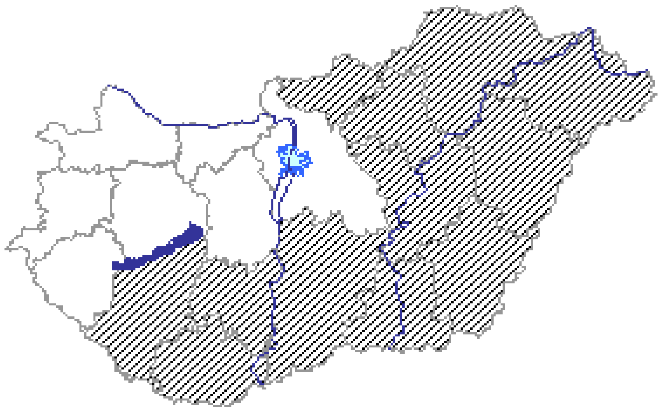
Front-end incentives - R&D incentives

- Description
  - In addition to cash grants, the Hungarian government also stimulates R&D activities in Hungary through various tax incentives
- Funding
  - 10% of the wage costs allocated to R&D (or software development) can be utilized as a corporate income tax credit in the given tax years in equal installments (in the case of SMEs, the tax credit for the wage costs of software development is 15%)

Tax incentives - Hungarian tax regime

- The most important incentive for foreign investors is the highly favourable Hungarian tax regime
  - The corporate income tax is presently 16% in Hungary
  - In addition, a so-called solidarity tax of 4% has been recently introduced for an interim period
  - However, favourable tax incentives are available to decrease the corporate income tax
  - The most beneficial of these is the development tax allowance, which is accessible in all regions of the country

Tax incentives - Development tax allowance



- Description
  - Provided by the Ministry of Finance

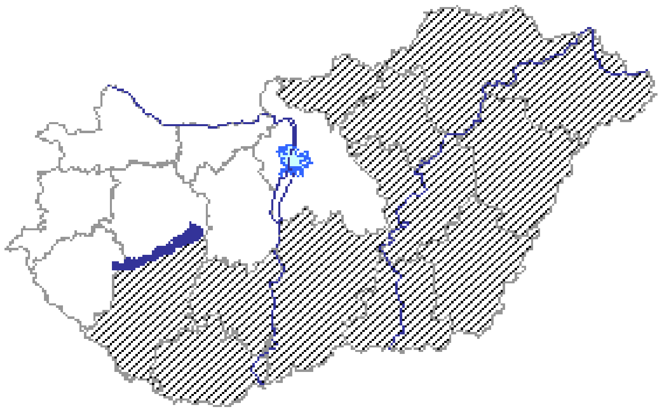
- Funding
  - The investor receives exemption for 80% of the corporate tax to be payable for 10 years after the completion of the project
  - If investment volume does not reach EUR 100 million at present value, a registration form needs to be submitted to the Ministry of Finance and the allowance is granted on a non-discretion basis
  - If investment volume exceeds EUR 100 million at present value, an application needs to be submitted to the Ministry of Finance, resolution is taken within the Ministry
  - Rate of the tax benefit is the maximum intensity ratio minus all direct subsidies
  - Maximum intensity ratios defined by regions:
    - 35% in Budapest
    - 40% in Pest County
    - 45% in Western Transdanubia (except 6 less developed small regions in the area)
    - 50% in all other regions of Hungary

- Eligibility
  - The investment is financed at least up to 25% of own resources, at least 30% of the investment project must include new facilities or assets and renovation cannot exceed 20% of the investment costs
  - Investment volume and job creation potential

A) Investment volume of at least EUR 12 million at present value **AND**	An increase in headcount of at least 150 **OR**
	Increase of yearly wage cost is 600 times the monthly minimum wage (appr. EUR 160 000)
B) Within the territory of preferred local governments an investment volume of at least EUR 4 million at present value **AND**	An increase in headcount of at least 75 **OR**
	Increase of yearly wage cost is 300 times the monthly minimum wage (appr. EUR 80 000)

- * Preferred local governments are located in Northern Hungary, Great Hungarian Plain (North and South), South Transdanubia

Tax incentives - Development tax allowance



- Tax allowance for SMEs
  - Funding
    - Taxable income may be reduced by the value of investments in assets
    - Deduction is limited to the amount of profit before tax and also to EUR 120,000
    - 40% of the interest on an investment loan (including financial leasing), is deductible from the corporation tax payable (limited to EUR 24,000 per year)
  - Eligibility
    - If they employ no more than 250 employee,
    - The annual net sales revenue does not exceed EUR 16 million and/or the total balance does not exceed EUR 11 million, and
    - The shares of the State, Local Government or any Third Party do not exceed 25%, neither individually nor altogether
- Tax allowance for investments in environmental protection, research and development, film production, hygienic food production, or broadband internet services
  - Taxpayers are only required to invest EUR 400.000, provided that the sole purpose of their investment is dedicated to one of the above areas
  - The application requirements for these tax allowances are similar to the general development tax allowance; however, most of the requirements of the development tax allowance do not have to be met

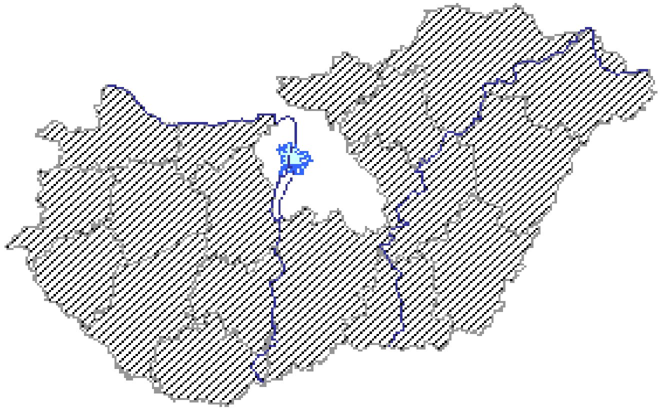
Tax incentives - Tax Incentives for Films in Hungary

- Description
  - These new tax incentives are aimed at reducing Hungarian film production costs by involving Hungarian taxpayers in production financing and thereby significantly increasing Hungary's competitiveness in this industry

- Funding
  - The tax based adjustment and the tax allowance together can provide the sponsor with at least a 16% return
  - The tax credit may be carried forward for a period of three years, although it is only available if the sponsor does not receive any rights with respect to the sponsored film
  - Taxpayers can apply an accelerated depreciation in relation to investments in the film industry (15% on real estate and 50% on equipment)

- Eligibility
  - Tax relief is provided to Hungarian companies sponsoring film productions carried out in Hungary
  - The Hungarian sponsor may finance up to a maximum of 20% of the qualifying Hungarian expenditures

Soft incentives - Training subsidy



- Description
  - Individual cash subsidy provided by the Ministry
  - of Social Affairs and Labour

- Funding
  - Amount of subsidy (% of training costs related to the project)
    - For large companies

50%	General (accredited) training
25%	Specialized (company-tailored) training
10%	Training of disadvantaged employees (pro rata)
10%	Outside Budapest and Pest County*
5%	In Budapest and Pest County

- For small and medium sized companies

70%	General (accredited) training
35%	Specialized (company-tailored) training
10%	Training of disadvantaged employees (pro rata)
10%	Outside Budapest and Pest County*
5%	In Budapest and Pest County

- * Preferred areas: outside Budapest and Pest County

- Eligibility
  - At least 60% of the trained employees must be employed full time for a minimum of 12 months after the training

Eligible costs

- Costs for the establishment of investments in the manufacturing industry
  - Eligible costs
    - Real estate
    - Buildings
    - Machines, equipment (have to be new in case of a large company)
    - Vehicles which do not have a number plate
    - Intangible assets which can be subsidised (up to 50% (100% in case of an SME) of the complete eligible costs)
    - In some cases, fees of financial leasing
  - Examples of non-eligible costs
    - Any costs incurred before the official confirmation of the application for subsidy
    - Costs of purchase of non-investment products (services)
    - Operational costs
    - Operational costs related to the start-up or construction (electricity, telephone, etc.)

- Eligible costs for shared service centres
  - A regional service centre can be supported by individual government decision in case the 24 month wage related costs of the newly created jobs in the first 3 years reach EUR 10 million
  - Eligible costs
    - Wage related costs
    - Other personal costs (f.e. meal allowances)
    - Contributions on wages and salaries

- Eligible costs of R&D projects
  - Both material asset and wage-related costs

- Eligible costs for investments in the tourism sector
  - Only to the tourism activity directly related investment expenses, HR, staff, revenues, etc. may be accounted in the evaluation system

PRICEWATERHOUSECOOPERS

Final Report

Main Report

Incentives in Canada

National versus regional incentives

A distinction can be made between incentives offered by the national government (referred to as federal incentives), incentives offered by a region (in this case Atlantic Canada) and incentives offered by the provincial government (the different Provinces of Atlantic Canada).

National incentives are mostly tax incentives, as they are determined by the national government and have no regional implications. The goal of these incentives is to attract foreign direct investment to the country, regardless where the investor chooses to invest.

Whereas the regional and provincial incentives have a regional focus and are integrated in the regional strategy of respectively Atlantic Canada en the Atlantic Provinces separately. Their goal is to attract foreign direct investment in a certain region and stimulate development in that region.

Doing business in Canada

- World Trade Magazine, June 2003: Canada Top 3 for Investments
- Lowest overall Tax rate in G7 countries
- Focused on R & D Investments in:
  - Aerospace
  - Agri-Food
  - Chemicals
  - Life Sciences
  - ICT
  - Oil & Gas
  - Plastics
- Federal Incentives and Incentives for 4 provinces:
  - Newfoundland & Labrador
  - Nova Scotia
  - Prince Edward Island
  - New Brunswick

  To determine the eligible incentives for the 3 cases, the focus was on Newfoundland & Labrador.

Legislation

- National Legislation on Foreign Investments (Generic)
  - Foreign Investment Review Act
    - (1974-1985) Required review of all acquisitions and new establishment of a business by foreign-controlled entities
    - Applied a “significant benefit” test
  - Investment Canada Act
    - (1985) liberalized the foreign investment process by limiting the number of reviews required
    - Applied the more lenient “net benefit” test
    - Full text available at http://strategis.ic.gc.ca/epic/site/ica-lic.nsf/en/h_lk00071e.html
  - US-Canada Free Trade Agreement
    - (1989) further limited the review of direct acquisitions by U.S. firms,
    - Replaced by the North American Free Trade Agreement
      - (1992) Went even further by providing national treatment to U.S. and Mexican investors

- NAFTA-Chapter 11
  - The investment component of the North American Free Trade Agreement (NAFTA) which came into force in 1994
  - Establishes a framework of rules and disciplines that provides investors from NAFTA countries with a predictable, rules-based investment climate, as well as dispute settlement procedures which are designed to provide timely recourse to an impartial tribunal

Tax incentives - Corporate Tax level for Large Public/ Foreign Controlled Companies

- The federal corporate tax is fixed at 22.12%

- Additional corporate taxation differs between regions and sectors:

	Manufacturing	**Non-Manufacturing**
Nova Scotia	16%	16%
Newfoundland & Labrador	5%	14%
New Brunswick	13%	13%
Prince Edward Island	16%	16%

Tax incentives - R & D Incentives

- Description
  - Granted by the Canada Revenue Agency (CRA)

- Eligibility
  - R&D must demonstrate an attempt at scientific or technological advancement
  - It must involve experimentation or analysis beyond standard practice
  - R&D must focus on areas of scientific or technological uncertainty where it is unclear whether, or how, the goals can be achieved
  - R&D must have scientific and technical content as evidenced by systematic, well documented investigation, carried out by qualified personnel with relevant experience

- Ineligible research
  - Market research or sales promotion
  - Quality control or routine testing of materials, devices, products or processes
  - Research in the social sciences or humanities
  - Prospecting, exploring or drilling for, or producing, minerals, petroleum or natural gas
  - The commercial production of a new or improved material, device or product, or the commercial use of a new or improved process
  - Style changes
  - Routine data collection

Tax incentives - R & D Incentives: Tax Credit Calculation for Large Public/Foreign controlled companies

- Eligibility
  - Wages & salaries
  - Capital equipment
  - Materials
  - Overhead
  - Contracted research

- Funding
  - First calculate provincial tax credit:
    - Nova Scotia: refundable credit of 15%
    - Newfoundland and Labrador: refundable credit of 15%
    - New Brunswick: refundable credit of 15%
    - Prince Edward Island has a separate program
  - Then on the reduced sum calculate tax credit from federal government: 20% (Federal Income Tax Act Section 37 & related)
  - Tax Credit can be carried backward 3 yrs or forward for 20 yrs

Tax incentives - R & D Incentives: Tax Credit Calculation for Large Public/Foreign controlled companies

Example: 57.92 $ savings per 100 $

	Expenditures
A. $100 spent on qualifying scientific research	100 $
B. Nova Scotia Tax Credit for R & D (15% * A)	15 $
C. Federal Tax Credit [20% * (A-B)]	17 $
D. Federal Tax Savings [(A-B-C)*22.12%]	15.04 $
E. Nova Scotia Tax Savings [(A-B-C)*16%]	10.88 $
Net R&D after-tax cost (A-B-C-D-E)	**42.08 $**

Note: The SR&ED tax credit is taxable in the sense that it must be deducted in calculating the base for current and capital expenses eligible for the 100 per cent deduction from business income. The federal SR&ED tax credits and deductions are based on qualifying expenditures net of government assistance. For small companies defined as Canadian Controlled Private Corporations , the SR&ED tax credit is refundable.

Tax incentives - R & D Incentives: Remarks on the SR&ED program

- Noticeable Benefits
  - Help to establish corporate R&D laboratories
    - Firms are not only investing because of the tax credit
    - Few participants believe that SR&ED tax incentives alone play a major role in sustaining R&D in Canada after the original investment has been made
    - There are other factors that play important role in continuing R&D in Canada-availability of competent personnel being key
  - Help start-ups grow
  - Help to recruit and retain scientists and engineers
    - For small firms, cash flow is a focus and the SR&ED tax credit plays a substantial role there
    - Cash flow means being able to keep 10-12 high quality engineers on a daily basis - without SR&ED they would be delayed in the projects
    - Also true for a large multinational company, for which the Key issue is software engineers
      - They are moving from being distributor of products to manufacturer to engineering developer in Canada - R&D tax credits helps them in attracting and retaining high quality personnel

- Disadvantages of SR&ED Program
  - Refundability is limited
    - In the fiscal year in which the company has no taxes payable (loss position) SR&ED tax credits cannot be claimed
  - Administration process can be costly
  - Benefits of SR&ED tax credits for foreign multinationals can be diluted
    - Where a foreign investor, in particular a U.S. based multinational, owns a Canadian company performing SR&ED, they are generally able to claim back the Canadian corporate income tax, payable by the Canadian company, in the form of a foreign tax credit against tax otherwise payable on the distributed earnings of the Canadian company. The recovery is generally allowable to the extent that the Canadian income tax payable does not exceed the foreign investor's local income tax payable. As the corporate income tax rate in Canada decreases, the Canadian income tax paid will generally be fully refundable to the foreign investor. Because the SR&ED tax credit reduces the Canadian corporate income taxes payable, this in turn reduces the foreign tax credits that are available to the foreign investors at home, thereby increasing their income tax liability at home. Consequently, the SR&ED tax credit could provide little or no net benefit to the foreign investor in determining total income taxes payable for all jurisdictions, as is the case of some U.S. parents of Canadian subsidiaries .
  - SR&ED tax credits are not always channelled back to the shop floor R&D
    - In the corporation, SR&ED tax credits do not always feed back to the research program or department that earned them. SR&ED tax credits are mainly dealt with at the top level of corporate hierarchy often for practical reasons, which may include the lack of taxable income or structural changes in the company.

Tax incentives - Capital Gains Tax Advantage

In 2000 the capital gains inclusion rate – i.e. the portion of a capital gain that is subject to income tax – was reduced to one-half.

This adds to the Canadian tax advantage, especially for start-up companies. Businesses in Canada now have greater opportunities to raise financing.

The lower inclusion rate for capital gains makes investment and risk-taking more rewarding by allowing investors to retain more of their gains. As a result of this tax change, the typical top tax rate on capital gains is now lower in Canada than in the U.S. This makes it more attractive for individuals to make such investments in Canada.

Tax incentives - Canadian Film or Video Production Services Tax Credit (CPTC & PSTC)

- Description
  - Created by the Canadian government

- Funding
  - At a rate of 25% of eligible salaries
  - A tax credit equal to 16 % of salaries and wages paid to Canadian residents or taxable Canadian corporations (for amounts paid to employees who are Canadian residents) for services provided to the productions in Canada to encourage the employment of Canadians, by a taxable Canadian or a foreign owned corporation with a permanent establishment in Canada, the activities of which are primarily film or video production or production services

- Eligibility
  - The Canadian production must meet specific criteria for key creative personnel and project costs, which are outlined in CAVCO guidelines

Soft incentives - The NRC Industrial Research Assistance Program (NRC-IRAP)

- Description
  - Small- and medium-sized foreign subsidiaries incorporated in Canada can apply for on-site aid from IRAP's Technology Advisors
  - Administered by the National Research Council of Canada

- Services offered by IRAP
  - Technical assistance
  - Literature and patent searches
  - Referrals to other programs and services
  - Expertise searches
  - Linkages and networks to establish multi-party collaboration
  - Diagnostic services
  - Financial Assistance
  - Extensive networking of key-players

Soft incentives - Natural Sciences and Engineering Research Council of Canada

- Description
  - NSERC works with companies that have been provincially or federally incorporated in Canada to encourage research and development in collaboration with universities and students
  - They invest in university research and actively link this research to the industry. In this way Canada is more attractive to foreign investors due to skilled and experienced highly educated labour force.

BDC Venture capital (front-end incentive and soft incentive)

- Description
  - The Business Development Bank of Canada (owned by the government) funds companies with a basis in technology and a sustainable, market-oriented business plan
    - For people buying or setting up a business
    - Financial Planning support
    - Management Consulting support
  - BDC has a website with on-site support and telephone support for people doing business in Canada

Front-end incentive - Precarn

- Description
  - Precarn funds projects involving the participation of at least two companies and one university, and works with funding programs in other companies to support research and development in the field of intelligence systems.
  - Precarn is funded by provincial and national government agencies.

Acts Specific for Agri-business

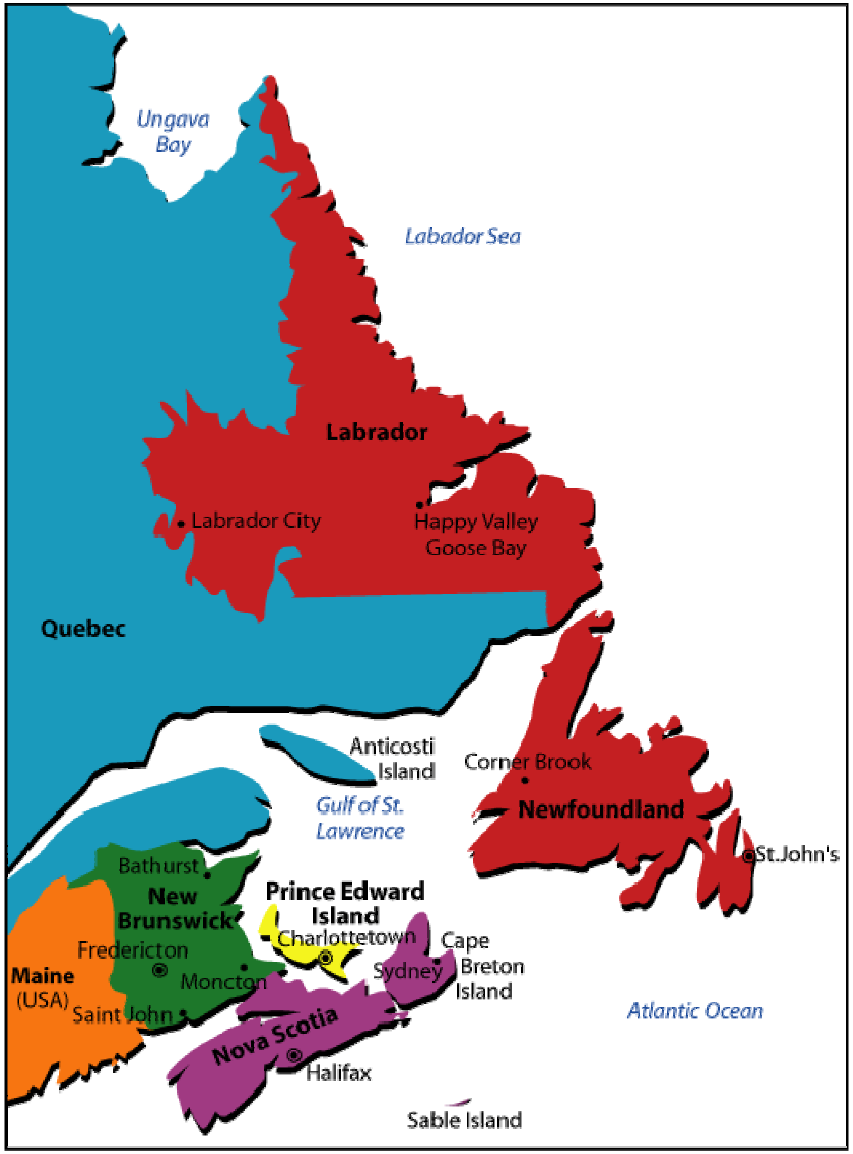
- Farm Credit Canada Act (Front-end Incentive)
  - The purpose is to enhance rural Canada by providing specialized and personalized financial services to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are related to farming.

- Farm Improvement Loans Act (Front-end Incentive)
  - The Farm Improvement Loans Act was designed to help make credit available to farmers to improve the efficiency of their operations and to improve living conditions on the farm. To accomplish this, the Act authorizes the federal government to guarantee lenders against loss incurred on loans made in accordance with the Act and Regulations.

- Farm Improvement and Marketing Cooperatives Loans Act (Soft Incentive)
  - The Act authorizes the Minister of Agriculture and Agri-Food to guarantee against loss term loans made to farmers and cooperatives by chartered banks and other designated lenders for farm improvement projects and to assist marketing cooperatives for processing, distribution and marketing of agricultural products.

- Farm Income Protection Act (Operating Incentive)
  - The Act authorizes agreements between the Government of Canada and the provinces to provide for protection for the income of producers of agricultural products and to enable the Government of Canada to take additional measures for that purpose.

Canada - Incentives for Atlantic Canada



Front-end incentives - The Atlantic Investment Partnership

- Description
  - Create path to knowledge economy.
  - The AIP's initiative in foreign investment will focus on regional investment research and promotional activities. The initiative, to be undertaken on a cooperative basis with the Atlantic Canadian provinces, will allow for pan-Atlantic investment promotion activities that target selected investment communities abroad, provide for attendance at site locator conferences and ensure participation on Atlantic Canada and Investment Partnership Canada missions.

- Funding
  - 5 Yrs - $700 million initiative
  - AIF: $300-million for the Atlantic Innovation Fund (AIF) which is designed to strengthen innovation capacity, increase the region's competitiveness and encourage the region's transition to a more knowledge-based economy. Investments will be overseen by an Advisory Board which includes academics, business leaders, individuals experienced in the research and development and high-technology fields, as well as leaders in economic policy.
  - $110 million for the expansion of National Research Council facilities in Atlantic Canada.
  - $135 million for a Strategic Community Investment Fund to improve access to funding for strategic community-level projects. This initiative is intended to help communities strengthen their economic base, thereby creating opportunities for investment and job creation.
  - $123.6 million for Trade and Investment as well as Entrepreneurship and Business Skills Development initiatives. The AIP will make investments to strengthen Atlantic Canada's trade and direct foreign investment performance by increasing these activities with the U.S. and other countries. It will contribute to the development of trade skills in business, initiate a new foreign direct investment strategy and augment the region's international tourist trade.

Mixed incentives - Community Business Development Cooperations

- Description
  - CBDCs assist in the creation of small businesses and in the expansion and modernization of existing businesses by providing financial and technical services to entrepreneurs.
  - Agencies in the whole of Atlantic Canada: around 30 local offices.
    - Each Local Branch – Province and communities – have own web portal with explanation and contact address and phone number.
    - Success stories are provided to people to encourage them to participate.
    - Mostly small, local initiatives.

- Funding
  - Main initiative: SEED Capital Program (Front-end Incentive)
    - The Seed Capital Program enables entrepreneurs to borrow up to $20,000 for a business start-up or expansion while at the same time providing them with business counselling and training.
    - The program is a partnership between the Atlantic Canada Opportunities Agency (ACOA) and the 41 Community Business Development Corporations (CBDC) in Atlantic Canada.
      - access to a maximum of $20,000 in the form of a repayable, unsecured personal loan
      - equity requirements are less than other programs
      - flexible interest and repayment terms
      - business counselling and training is available for an amount up to $2,000.
  - Self Employment Benefit Program (Operating Incentive)
    - The SEB Program allows participants to continue to receive their Employment Insurance Benefits while they are getting their business up and running. Individuals qualifying for this program receive income support and business counselling (group training sessions as well as one-on-one business counselling) following their acceptance into the program.
    - Income support is usually in the form of bi-weekly payments from the employment insurance program. For many of the rural communities it has been a catalyst for entrepreneurship and small business development. Program components could vary among delivery agents
  - Financial assistance to a maximum of $150,000 is available in the forms of loans, loan guarantees and equity financing to existing and aspiring entrepreneurs. (Front-end Incentive)
  - Business counselling & advice is available to small businesses. We help businesses to succeed and therefore we give high priority to the advisory role of our mandate. (Operating Incentive)
  - Entrepreneurship development and training to individuals and small business owners/managers is available in many of our offices. (Operating Incentive)
  - Technical assistance usually takes the form of guidance and coaching, and sometimes advocating on behalf of our clients to other lending establishments or regulatory agencies.

Mixed incentives - Community Business Development Cooperations

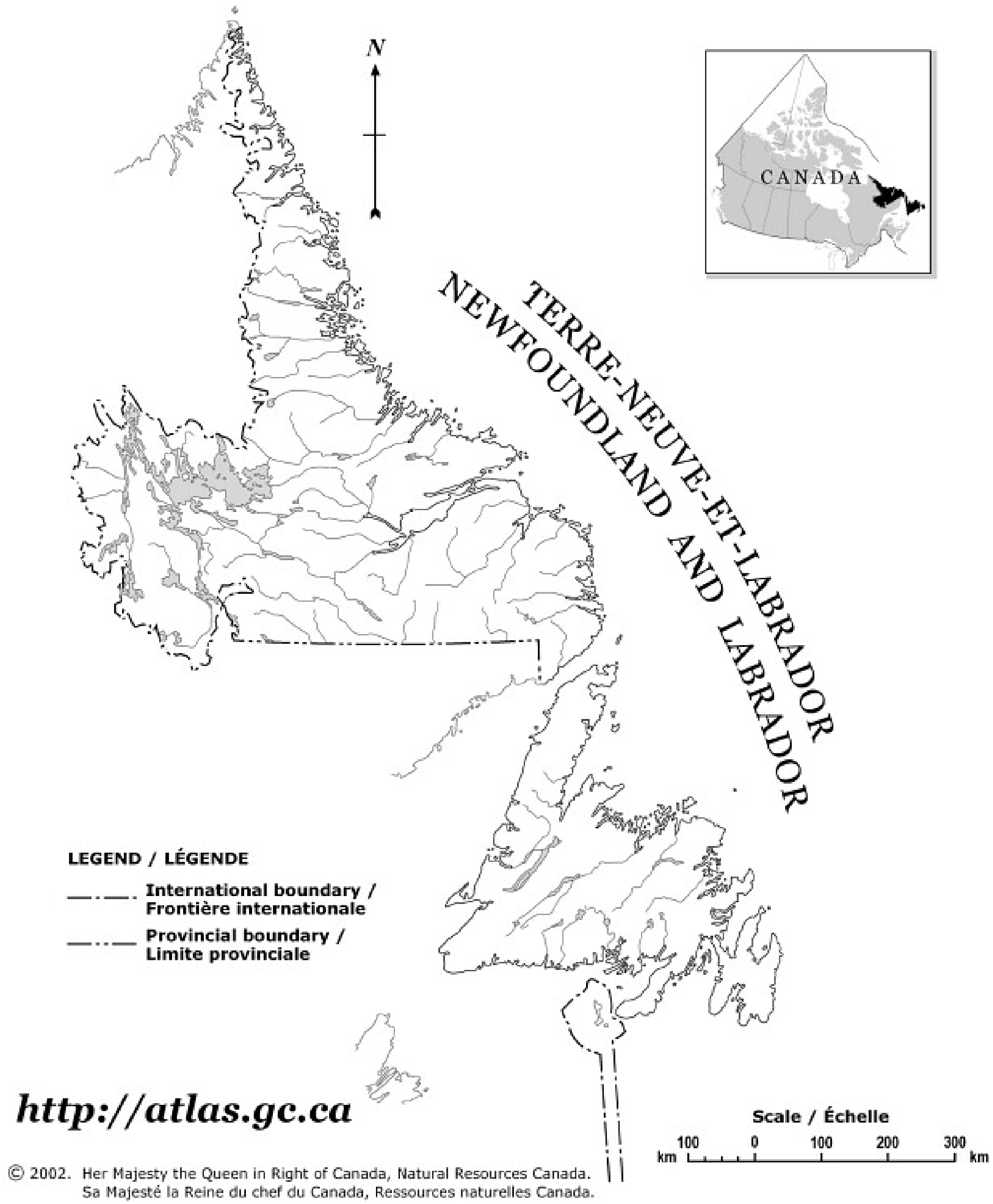
- Who is eligible and what qualifies?
  - Applicants must be residents of Atlantic Canada
  - Applicants under 35 years of age may use the loan to start-up, expand or modernize a business
  - Applicants 35 years of age and older may use the loan to start a new business only
  - The applicant must be the majority owner of the business
  - Businesses in most sectors are eligible, including retail and personal services as well as seasonal enterprises (the purchase of licensed motorized vehicles is not permitted)
  - The loan may be used as leverage to attract other investors
  - The loan cannot be used to purchase an existing business
  - The loan cannot be used for refinancing of existing debts or business restructuring

Soft incentives - Team Canada Atlantic

- Description
  - Team Canada Atlantic (TCA) is a cooperative partnership of the four Atlantic Provinces, including Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island, the Atlantic Canada Opportunities Agency (ACOA), Agriculture and Agri-Food Canada, Industry Canada, Foreign Affairs Canada, and International Trade Canada.
  - TCA conducts trade mission to the United States to facilitate new business partnerships, increase trade and investment, and build strategic alliances between Atlantic Canadian and U.S. firms. Since 1999, Newfoundland and Labrador, as a partner in Team Canada Atlantic, has participated in thirteen multi-sector trade missions to targeted markets in the U.S including Boston, Atlanta, New York, Washington, Chicago, and Florida resulting in export sales of more than $36 million.

Canada

Newfoundland & Labrador Incentives



Front-end incentives - The Economic Diversification and Growth Enterprises (EDGE)

- Description
  - The Economic Diversification and Growth Enterprises (EDGE) Program provides incentives to encourage significant new business investment in the province to help diversify our economy and stimulate new private sector job creation, particularly in rural areas.

- Eligibility:
  - A new business, or an existing business interested in expanding in the province, may apply for EDGE status if it meets the following criteria:
    - There is the potential to create and maintain 10 new permanent jobs in the province.
    - It is prepared to make a minimum capital investment of $300,000 or generate incremental annual sales of $500,000.
    - It would not establish or expand in the province in the absence of the EDGE incentives.
    - The EDGE incentives will not give it a direct competitive advantage over other existing businesses in the province.
    - The new business activity will have a substantial net economic benefit to the province.

- Funding
  - As required, government will assist an EDGE corporation obtain permits, licences and meet government regulatory requirements in order to proceed with its business plan.
  - Benefits:
    - A 100% rebate on provincial corporate income tax and the provincial health and post-secondary education (payroll) tax for a period of 10 years if the business is established within the northeast Avalon area, or for 15 years if it is established outside the northeast Avalon area.
    - A 50% rebate on federal corporate income tax for the periods referenced above.
    - A further five-year period of partial rebates on the provincial and federal taxes referenced above, declining by 20% in each year of this phase-out period.
    - A 100% rebate on municipal property and/or municipal business taxes for 10 or 15 years, followed by a five-year phase-out of such rebates, where individual municipalities elect to participate in the EDGE program.
    - Access to unserviced Crown land for $1.00 where such land is required to implement the company's business plan.

Tax incentives - Manufacturing and Processing Profits Tax Credit

- Description
  - This credit applies to corporations that carry out manufacturing and processing from a permanent establishment located in Newfoundland and Labrador.

- Funding
  - The credit allows a deduction from Newfoundland CIT payable of 9% on Taxable Canadian Manufacturing and Processing Profits.
  - This results in an effective CIT rate of 5% for manufacturing and processing profits.

- Eligibility
  - To obtain this credit, corporations should complete a Schedule 300 with their annual income tax return. The Manufacturing and Processing Credit is provided under Section 41 of the Income Tax Act.

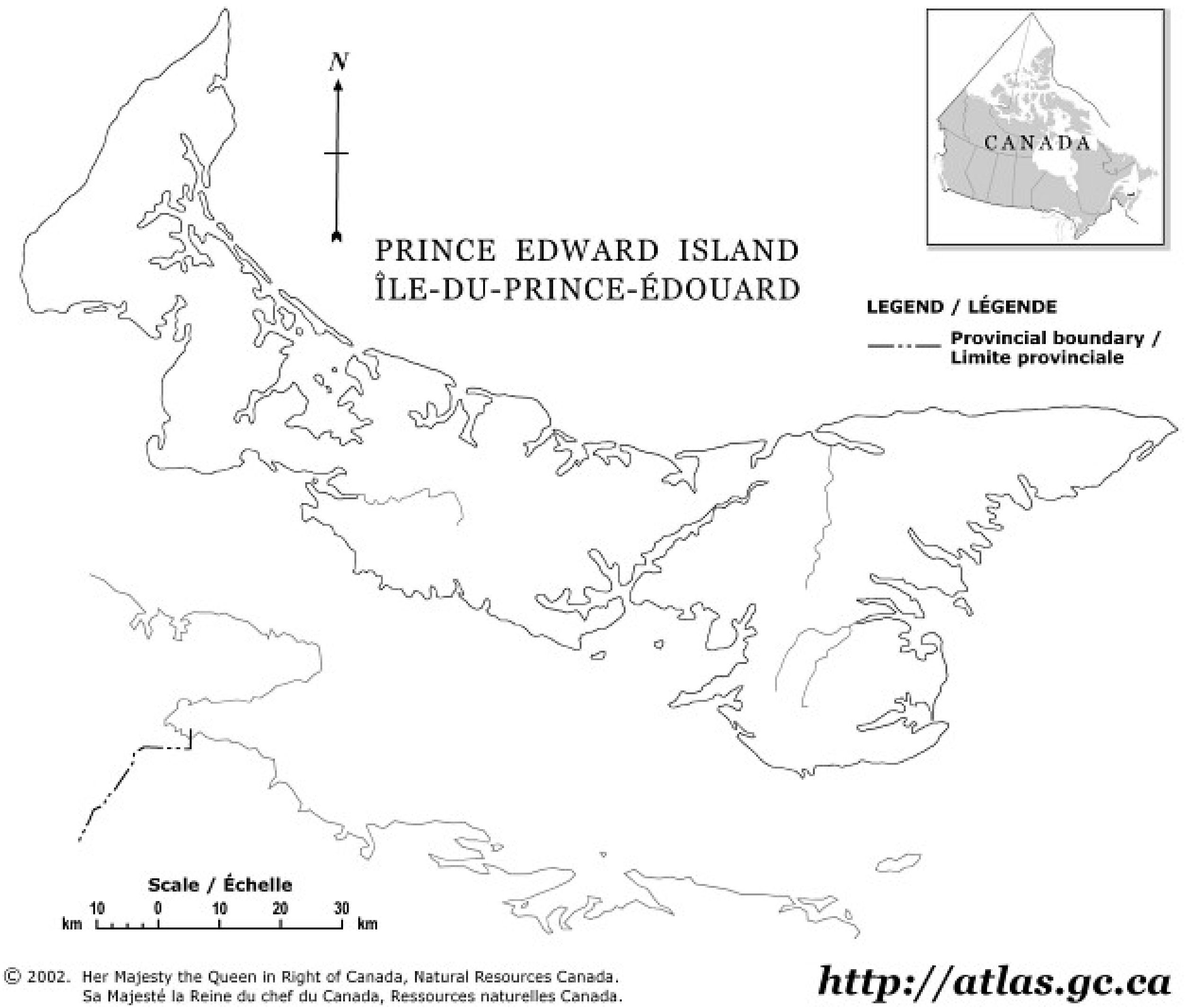
Soft incentives - New England Trade and Investment Initiative

On average, more than 50 per cent of the province's exports to the U.S. find destinations in the New England region. New England is the largest regional international export market for Newfoundland and Labrador goods and services.

- Description
  - Formally launched in 1999, the New England Trade and Investment Initiative is a provincially led program designed to assist Newfoundland and Labrador companies who wish to enhance international trading ties with the New England states. Since the introduction of the New England Initiative, the province has led 12 business-to-business trade missions introducing 90 small to medium-sized companies to the New England market.

- Funding
  - Companies have come from a variety of industry sectors including manufacturing (boat building, food and beverage, apparel), professional services, marine technology, ICT, and cultural industries. Companies attend several pre-arranged and pre-qualified meetings with potential buyers, distributors, agents or business partners.
  - The initiative has resulted in an estimated $5 million in total sales related to export activities.

Canada - Prince Edward Island Incentives



R & D Tax Incentives - Innovation and Development Tax Credit

- Funding
  - Refundable Rebate of 35% of 150% of Eligible labour costs for approved firms and development and commercialization projects
  - 50% markup incorporates the overhead
  - Project need to be approved by PEI Business Development Inc.
  - After succesful completion, rebate is issued for approved costs and maximum amount

- Eligibility
  - Eligible Companies:
    - A permanent establishment in Prince Edward Island from which it carries on business within a strategic industrial sector and from which it undertakes the development or commercialization of new or innovative products, processes or services relating to that strategic industrial sector.
    - A new product, service or process is one not currently in production or use in Prince Edward Island. A product, process or service may be considered to be “new” whether or not it involves unique intellectual property, but in all cases where unique intellectual property is involved.
  - Strategic Sectors:
    - Export-oriented manufacturing and processing,
    - The life sciences,
    - Financial services
    - Interactive, information and communication technologies
    - Renewable energy
    - Aerospace.
  - Eligible projects:
    - Evaluation by PEI BD Inc., looking also to:
      - Potential for long-term viability;
      - Qualifications and track records of managers;
      - Cost benefit to the province;
      - Availability of program funds;
      - Import substitution;
      - Environmental impact;
      - Employment creation;
      - Level of assistance from other government programs offered or available.
      - Max. 2 yrs

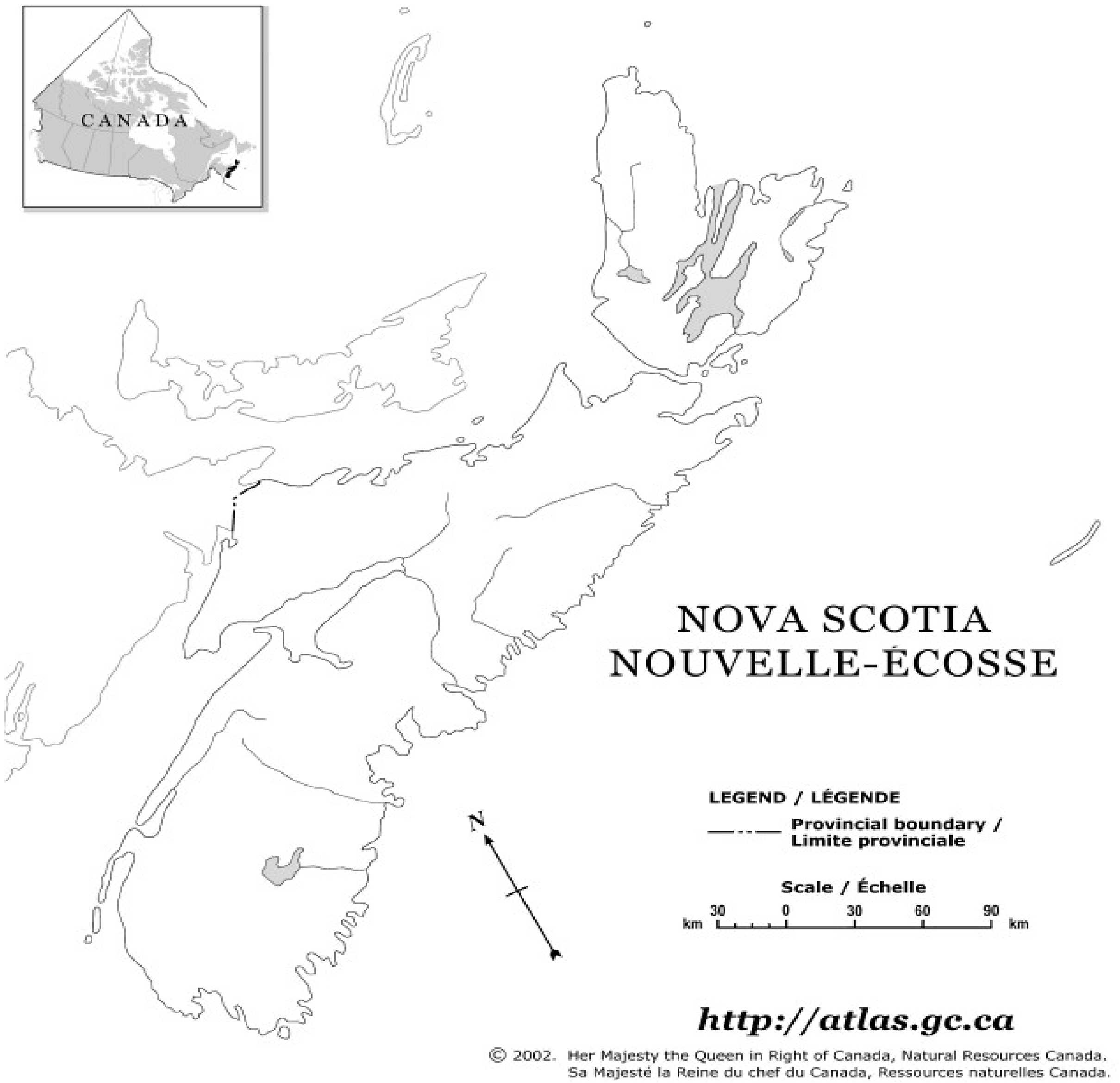
Tax incentives - Enriched Investment Tax Credit

- Description
  - The Enriched Investment Tax Credit (EITC) is intended to advance the competitiveness of Prince Edward Island’s manufacturing industry by encouraging investment for modernization and productivity improvement.

- Funding
  - The Prince Edward Island Income Tax Act provided for a 10% Investment Tax Credit on qualified property (as defined below) for corporations involved in manufacturing and processing activities. If export, as well as productivity or rural development criteria are met, the Enriched Investment Tax Credit provides a tax rebate for an additional 25% credit, through a certificate process.

- Eligibility
  - Eligible investment for the 25% Enriched Investment Tax Credit is limited to qualified property intended for the manufacture or processing of products which:
    - are intended to be sold primarily outside of Prince Edward Island;
    - use advanced manufacturing and processing methods;
    - exceed labour productivity standards established for industry sectors and geographic locations; and intend, where practical, to use products from Island suppliers.
    - Other evaluation criteria: see R & D tax Credit for PEI

Canada - Nova Scotia Incentives



Tax incentives - Foreign tax deduction

- Description
  - The deduction is subject to "foreign investment income“ (defined in the NS Income Tax Act Section 43)

- Funding
  - the corporation may deduct from the tax for the year otherwise payable an amount equal to the lesser of :

    (a) 16% of the product of

    (i) the foreign investment income of the corporation for the year from sources in the country, and

    (ii) that proportion that the corporation's taxable income earned in the year in the Province is of the corporation's taxable income earned in the year;

    and

    (b) that proportion of the amount by which such part of any non-business-income tax paid by the corporation for the year to the government of a country other than Canada, except any such tax or part thereof that may reasonably be regarded as having been paid in respect of income from a share of the capital stock of a foreign affiliate of the corporation, exceeds the amount deductible by the corporation.

- Eligibility
  - Where the income for a taxation year of a corporation that maintained a permanent establishment in the Province at any time in the taxation year includes income from sources in a country other than Canada, and
  - where the corporation may claim a deduction in respect of the foreign investment income.

Tax incentives - Payroll Rebate

- Eligibility
  - To receive a rebate, eligible companies must create a certain number of new jobs at a determined salary within a set timeframe. The jobs must be maintained to the end of the rebate period. The rebate is usually payable annually over a term not exceeding six years.
  - The company should be profitable with a proven track record and have strong management;
  - The company and the project must have reasonable prospects for continued growth and success;
  - The project should be mainly export oriented and/or in a strategic sector;
  - The project should create sustainable long-term jobs; cyclical peaks in employment will not be considered;
  - The project should result in a minimum of 50 full-time employees in Nova Scotia; however, an exception may be considered if the project has a high strategic value (e.g. location or strong economic benefit);
  - Applications for assistance must be project-based

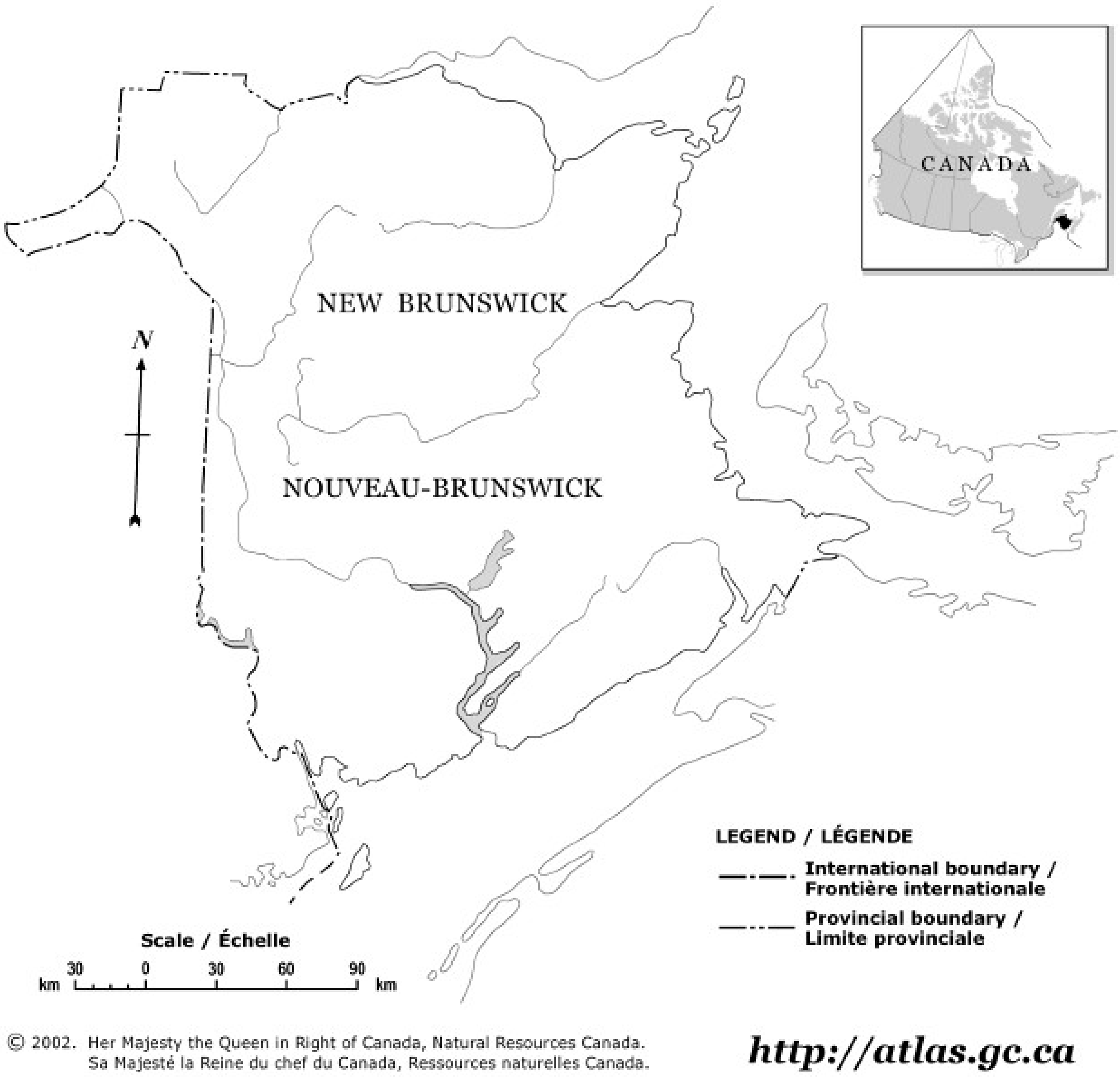
- Funding
  - Amount of the rebate is negotiable between Nova Scotia Business Inc. and the eligible company

Tax incentives - Nova Scotia Unlimited Liability Company (NSULC)

- Description
  - Created under the Nova Scotia Companies Act, an NSULC permits the incorporation of a company with no limit on the liability of its shareholders. The result is a hybrid entity – a taxable corporation for Canadian tax purposes and a flow-through entity for U.S. tax purposes. This allows for unique opportunities in cross-border tax planning – making it even more attractive to U.S. investors with business in Nova Scotia.
  - A U.S. taxpayer may be able to use losses from its Canadian business as a deduction against its income for U.S. income tax purposes.
  - A U.S. taxpayer could use the NSULC to limit transfer pricing issues to Canada.

- Eligibility
  - A U.S. individual could have a local corporate presence in Canada (avoids, among other things, the cumbersome Canadian branch tax calculation) while at the same time having the benefit of a flow-through entity for U.S. income tax purposes (e.g., an NSULC structure could be utilized by a U.S. individual so that he or she could use the NSULCs Canadian income tax as a credit against U.S. income tax; something a U.S. individual could not accomplish using a Canadian limited company).
  - NSULCs do not have residency requirements for directors of Nova Scotia companies. The board of directors may be comprised entirely of non-residents, allowing the company to appoint a board based on skill and ability rather than geography.

Canada - New Brunswick Incentives



Tax Incentives

- Provincial Sales Tax Rebate
  - New Brunswick has combined its provincial sales tax rate with the federal sales tax rate, resulting in the new HST (harmonized sales tax). The entire 14 percent sales tax (or value-added tax (VAT)) on business inputs and purchases is a refundable tax credit for most businesses in New Brunswick.

- Duty Drawbacks and Deferral Program
  - The Canadian government returns the custom duty paid except the Goods and Services Tax (GST) on imported goods if they are later exported or used for certain domestic manufacturing.
  - To qualify for a drawback, you must show that the goods were later exported, destroyed under Customs supervision, discovered to be obsolete or surplus, used as ship's stores or used in the assembly, manufacture, or attachment to goods that were later exported or consumed in Canada.
  - These duties are now recovered as an input tax credit.
  - The new Duty Deferral Program provides up-front relief of custom duties, anti-dumping and countervail duties, surtaxes, certain excise taxes and in some instances the harmonized sales tax.
  - This program saves money by reducing the cost of production for goods destined for export from Canada.

- Foreign Tax Credit (NB Income Tax Act Div. C Subdivision b)
  - Corporations which have foreign source income and are resident in Canada at any time in the year are eligible for a credit on foreign taxes paid. A credit is allowed against Canadian tax payable for the lesser of the foreign tax paid and the Canadian tax on the foreign source income.

- New Brunswick Investment Tax Credit for Forestry Companies
  - Effective for investments made after March 31, 2006, eligible forestry companies will qualify for a rebate of 50% of investments in manufacturing and processing equipment up to a maximum of 50% of the provincial property tax paid in the year.
  - This credit will be in effect for the 2006 and 2007 taxation years.

- New Brunswick Film Tax Credit (NB Income Tax Act Div. C Subdivision f)
  - To encourage the training and hiring of New Brunswick film personnel, the Province provides a Film Tax Credit equal to a maximum of 40% of eligible salaries paid to New Brunswick residents.
  - Wages in excess of 50% of the total costs of production are not eligible for consideration.
  - The value of this credit may also be included as part of the calculation of a production company's equity in a production.

Front-end incentives - NorthWest Territories
Grants to Small Business by Department of Industry, Tourism and Investment

- Funding
  - A maximum of $5,000 over the lifetime of any one business.

- Eligibility
  - This program applies to Northwest Territories entrepreneurs or small businesses that have a legitimate need for funds and are committed to their future business or activity.
  - It applies to small businesses, co-operatives, partnerships, or sole proprietorships with less than $500,000 in gross sales.
  - Those who earn part, or all, of their income from the sale of products or from the activities noted below:
    - Artists and craft producers -- includes people who are involved in carving, printmaking, sewing, performing arts or similar activities.
    - Licensed renewable resource harvesters -- includes people who harvest renewable resources under commercial quotas such as hunting, fishing, logging, agriculture or similar activities.
  - Costs covered:
    - Legal
    - Accounting
    - Minor capital expenditures
    - Tools

Other incentives

- Workforce Expansion Program (Operating Incentive)
  - The Workforce Expansion program provides financial assistance to eligible employers in order to stimulate the creation of long-term employment opportunities for unemployed individuals. It encourages the hiring of the New Brunswick's post-secondary graduates. Funding is on the basis of a wage subsidy. The percentage of wage reimbursement will vary from 50 percent to 70 percent of the hourly wage to a maximum reimbursement of $8.00 per hour, depending on the target group.

- The Ambassador Program (Soft Incentive)
  - Builds a distinguished sales force that will promote New Brunswick's advantages and opportunities throughout their travels. They will build new relationships on the province's behalf, and seek out business leads and partnerships for New Brunswick companies.

- Restigouche-Chaleur Economic Development Fund (Front-end Incentive)
  - Facing many economic challenges due to the gradual downsizing in the mining sector and rationalization in the forestry sector in the Restigouche-Chaleur region, the provincial government is implementing a $25 million RCEDF
  - The RCEDF is designed to be a complementary source of financial assistance to regular departmental budgets, other financial assistance programs and designed to support commercial and non-commercial initiatives.
  - All initiatives must be submitted and sponsored by a department, an agency or Crown Corporation in order to be eligible for funding under the RCEDF.
  - The RCEDF will provide assistance to community-driven initiatives in support of the following themes:
    - Education & Training
    - Research & Development
    - Economic Diversification
    - Strategic Infrastructure

Specific programs - Western Economic Diversification Canada

- Description
  - Western Economic Diversification Canada (WD) was established in 1987 to help broaden the economic base of the four western provinces – British Columbia, Alberta, Saskatchewan and Manitoba.
  - Under the Western Economic Diversification Act, 1988, the department is mandated to “promote the development and diversification of the economy of Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation.”
  - A strengthened western Canadian innovation system.
  - A competitive and expanded business sector in Western Canada.
  - Economically viable western Canadian communities with a high quality of life.

- Funding
  - Main programs:
    - Western Economic Partnership Agreements (WEPAs) are multi-year funding commitments to strengthen economic activity and improve quality of life in western communities. WEPAs are cost-shared equally with each of the four western provinces, with a total of $200 million allocated to initiatives identified as federal and provincial priorities. Specific priorities in some regions include tourism revitalization, development and promotion of environmental technologies, and ground-breaking health technology research and development.
    - The Western Canadian Business Service Network - provides services and resources to help Western Canadians start, grow and expand their businesses.
    - Loan funds with community-based organizations and financial institutions. These loan funds increase the availability of financing to businesses, communities, and groups that face difficulty getting financing, such as people with disabilities.

Specific programs - FedNor

- Description
  - FedNor is a federal regional development organization in Ontario that works with a variety of partners, as both a facilitator and catalyst, to help create an environment in which communities can thrive, businesses can grow and people can prosper.
  - Objectives
    - Capitalize investment funds of Northern Ontario CFDCs to assist local businesses through loans, loan guarantees or equity investments.
    - Continue to promote existing loan loss reserve agreements with Northern Ontario credit unions (Northridge Savings and Credit Union Ltd. Loan Loss Reserve).
    - Support the Northern Ontario Enterprise Gateway, a new initiative to help the development of angel investment networks across Northern Ontario.
  - Goals:
    - Financial investments in Ontario SMEs
    - Enhanced access to patient and venture capital
    - Increased leveraged capital and investment partners

- Funding
  - Main activity: Business Financing, Counselling & Networking

Specific programs - Economic Development Agency of Canada for the Regions of Quebec

Through its 14 business offices, the Agency works with a clientele made up mainly of SMEs and not-for-profit organizations.

Under its programs and initiatives, the Agency provides repayable and non-repayable contributions.

Projects:
- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Partnering with Enterprises for Commercialization
- Community Futures Program (CFP)
- Venture Capital Fund for Business Startups in the Regions
- Advisory committees for an even more effective partnership with the regions

Specific programs - Economic Development Agency of Canada for the Regions of Quebec: Community Economic Diversification Initiative – Vitality (CEDI-Vitality)

- Description
  - Objectives of the initiative
    - Diversify the economic base of 21 communities in 7 regions of Québec
    - Reducing the dependency of communities whose economies are based on a single industry or sector, or on natural resource development
    - Create sustainable employment
    - Decrease population exodus.

- Funding
  - Canada Economic Development is allocating $85 million over four years for this measure, until September 25, 2010. It is implemented under the Regional Strategic Initiatives Program and includes the Fishing and Coulombe Report Economic Diversification Initiatives.
  - Maximum rate of assistance
    - For eligible SMEs, the rate of assistance is generally up to 50% of eligible and authorized costs.
    - For other eligible beneficiaries, it is generally up to 90% of eligible authorized costs.

- Target clientele
  - Small and medium-sized enterprises (Retail trade enterprises are not eligible.)
  - Business groups and industry associations
  - Organizations or institutions dedicated to promoting and disseminating knowledge
  - Non-profit economic organizations
  - Organizations or enterprises operating a regional attraction that gives the community a special competitive advantage
  - Municipalities and municipal agencies

Specific programs - Economic Development Agency of Canada for the Regions of Quebec: Community Economic Diversification Initiative – Vitality (CEDI-Vitality)

- Repayability
  - Assistance for not-for-profit organizations for projects of a non-commercial nature is usually non-repayable. Assistance for enterprises is repayable. In exceptional cases, such assistance may be non-repayable (for projects where the contribution does not exceed $100,000) or partially repayable. The type of assistance (repayable, non-repayable or a combination of the two) will be determined based on a set of criteria.
  - These criteria are:
    - Ability of the enterprise to repay
    - Level of risk associated with the project
    - Importance of the contribution for the project's survival
    - Type of project (studies, plans and other exercises intended to increase the know-how of SMEs, and thus lead to a second investment project, are more likely to meet the criteria for a non-repayable contribution)
    - Projects headed by people, aged 35 or less
    - Enterprise start-up or pre-start up projects
    - Projects by enterprises located in extremely vulnerable communities, in disadvantaged areas.

- Eligible activities
  - Consultants' studies and projects concerned with the development of strategies and action plans
  - Capital projects for enterprises: start-up, expansion, modernization
  - Establishment and expansion of transfer centres, watch centres and entrepreneurship support organizations
  - Incubation, guidance, monitoring and technical support activities for enterprises in the pre-startup or startup phases
  - Projects aimed at enhancing co-operation between knowledge institutions and enterprises
  - Development of niche products
  - Design, development, adjustment and demonstration of a new or improved product, process or service that constitutes a technological innovation in a particular sector
  - Pre-marketing and marketing of new products, processes or services
  - Strategic and timely projects aimed at providing a region or a community with competitive advantages
  - Projects that strengthen local development capabilities
  - Projects that foster the growth and development of social economy enterprises.

Specific programs - Economic Development Agency of Canada for the Regions of Quebec: Partnering with Enterprises for Commercialization

- Target clientele
  - Enterprises or groups of enterprises located in Quebec. (Retail trade enterprises are not eligible.)

- Funding
  - The budget envelope for this measure is estimated at $5 million a year for four years.
  - The assistance will take the form of a repayable contribution, based on royalties on increased sales (Example: repayment of the contribution will be based on a percentage of the increase in sales.) The contribution may cover up to 50% of eligible costs, including costs directly associated with the resource, but without exceeding $120,000, and may be spread over a maximum period of 24 months.

- Results
  - This measure will help provide enterprises with new strategic capabilities with respect to commercialization outside Canada and enhance their competitiveness on foreign markets, leading to an increase in the value of exports and the number of new exporters.
  - This assistance is thus complementary to the other financial backing offered by the Agency to support SMEs' competitiveness, particularly in the areas of innovation, commercialization, research and development, and productivity.
  -

Specific programs - Economic Development Agency of Canada for the Regions of Quebec: Community Futures Program (CFP)

- Community development organizations benefiting from the CFP are:
  - 57 Community Futures Development Corporations, located in designated rural regions
  - The 10 Community Business Development Corporations, located in the suburban areas
  - The 15 Community Economic Development Corporations, located in disadvantaged urban areas
  - The CFDC Network and the Quebec CFDC Common Fund.
  - The CFP supports local economic development and strengthens the ability of communities to realize their full potentiel in a sustainable way.

- Its main objectives are to promote:
  - Stability, economic growth and job creation
  - Diversified, competitive local economies in rural areas
  - Sustainable communities.
  - Through its network of partners, Canada Economic Development ensures that most communities in Quebec have local access to information on federal government programs and services.

Specific programs - Economic Development Agency of Canada for the Regions of Quebec: Venture Capital Fund for Business Startups in the Regions

- Description
  - The Venture Capital Fund for Business Startups in the Regions was created to support enterprise startups in seven regions and 21 regional county municipalities (MRCs) experiencing population decline and slow economic growth, by increasing their equity to levels acceptable to venture capital firms recognized in Quebec, while paying special attention to priority sectors in these regions.This venture capital fund was created in partnership with CFDCs and BDCs, with the support of venture capital firms and the Fondation de l'entrepreneurship.
  - Canada Economic Development has invested $5 million to create the Venture Capital Fund for Business Startups in the Regions, which will be administered by the CFDCs or BDCs. Including the contribution of all the partners, over $20 million is available for business startup projects.
  - Results
    - This initiative will permit the startup of enterprises that would otherwise have been unable to get off the ground. In addition, the success of this initiative will be evaluated based on the development of these enterprises.

- Funding
  - This initiative will be in effect from November 1, 2006 to December 31, 2007, or until depletion of the $5 million. A venture capital firm should be approached as soon as possible, since the cut-off date for a project to be approved by the Fund manager is December 31, 2007.
  - Mentoring: The Fondation de l’entrepreneurship offers coaching services.

- Target clientele
  - Startup SMEs

- Eligibility criteria
  - The business must be located in one of the targeted regions
  - The business must have been in operation for less than a year, or have less than $500,000 in sales, and this must be the first attempt to solicit external Investment.
  - The client must meet the basic criteria generally required by venture capital firms recognized in Quebec.
  - The entrepreneur must agree to the coaching or mentoring process proposed by the CFDC, BDC or venture capital firm.
  - The enterprise must operate primarily in the manufacturing and processing sector.
  - A minimum investment by the enterprise of $125,000 is required.

Conclusions and recommendations

Conclusions and recommendations

1. Aid has many definitions. Aid can be towards regions, sectors or projects.

   Incentives (regional aid) exclusively relate to stimulation of new investments; often they are designed specifically to attract foreign inward investment. Their logic lies in influencing the investment decision as an instrument of regional development.

   This analysis exclusively deals with incentives as applicable for investment related projects such as manufacturing units, distribution centres, research centres, offices, data centres, shared services centres, etc.

   This analysis does not deal with "aid" relating to the improvement of national or regional infrastructure. Aid is many times given by supra national (or national) authorities to local public authorities.

   Subsidies relate to artificial market mechanisms to protect a sector or an industry segment; their logic can be various but in theory relates to strategic reasons.

Conclusions and recommendations

2. Incentives exist in numerous and various forms such as:

- Cash grants
- Research grants
- Land cost reduction grants
- Employment grants
- Labour cost reduction grants
- Training grants
- Interest subsidies
- Corporate tax rate reductions
- Additional capital allowances
- Investment deductions adding to the capital allowances
- Real estate tax deductions
- Local tax reductions
- Subsidised loans (low-interest loans or interest rebates)
- State guarantees
- The purchase of a share-holding or an alternative provision of capital on favourable terms
- Exemptions or reductions in social security or other compulsory charges
- The supply of land, goods or services at favourable prices

3. Incentives can be categorized in several ways:

Front end incentives reducing the net cash investment: they apply once and at the time the investment is made.
Operating incentives occurring during the life time of the project.

Fiscal versus non fiscal incentives

Incentives resulting in reducing cash out (lower tax to be paid, lower social charges to be paid, lower interest rates to be paid) versus incentives increasing cash in (cash grants, employment grants, research grants, training grants).

The majority of incentives offered are front-end incentives (cash grants) and tax incentives.
Operating incentives are the exception.

Conclusions and recommendations

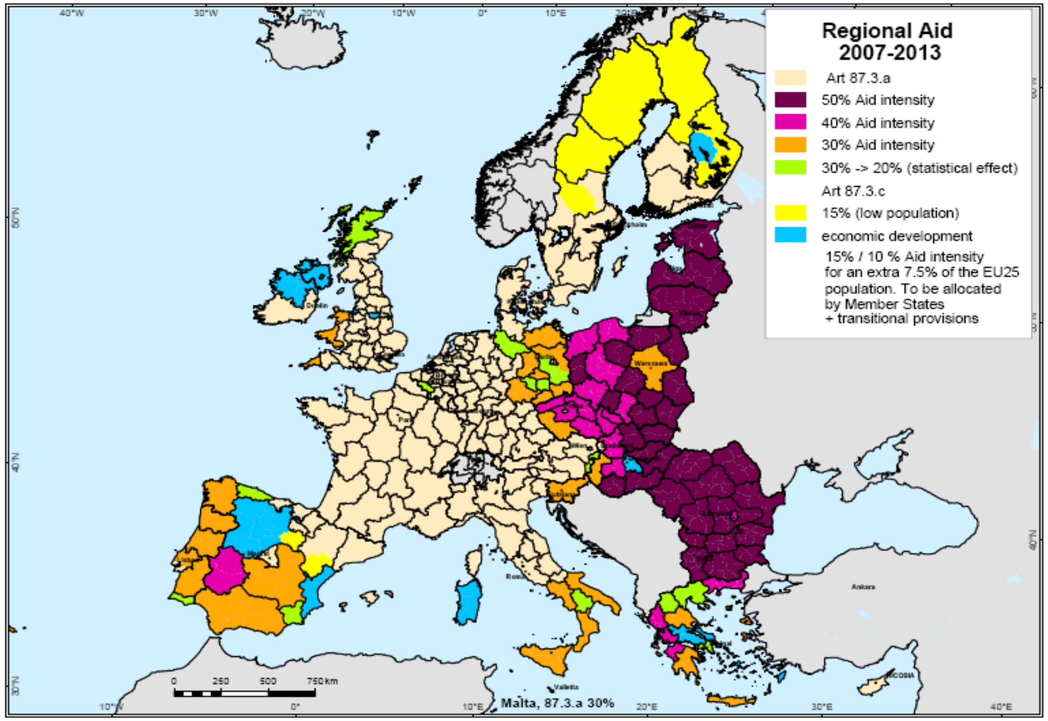
4. Incentives are regulated by supra-national authorities and are granted by national, regional and local authorities.

Incentive legislation define which incentives are applicable and their maxima; incentive legislation also define which incentives are not allowed.

Equal playing level field and avoidance of unfair competition is an adagio.

In Europe (E.U.) incentive policies are clearly regionally inspired. They are designed on a national basis, but incentive intensity is regionally inspired.

Canada follows a similar logic with an even more regional emphasis.



Based on EUROSTAT statistics of 7.4.2005 (GDP in PPS per Capita 2000-2002 Avg) / Cartography: DG COMP - G1 12/2005 / © EuroGeographics for the administrative boundaries

5. National legislation (whatever is applicable on the entire territory of a country) is not considered as regional aid.
The national tax legislation in general and corporate tax in particular is therefore not considered as a regional incentive instrument although it can have a major impact on investment decisions.

Conclusions and recommendations

6. Incentive legislation and especially application is complex and difficult to understand.
   The true value of incentives is not always obvious. Even what in E.U. context is referred to as “Gross Grant Equivalent" is not equal to real value.

   In some cases incentives are taxed or they reduce the basis for tax allowances, in many cases incentives are capped or mutually exclusive or any combination of the above.

   The real value of incentives is defined by their discounted cash flow impact.

7. Many incentives result in low absolute value and obviously have a minor impact on the investment decision. In fact most of them are of this nature.

8. Some incentive packages have a minor impact on the investment decision although their absolute value is important. These are the ones to be avoided because they are a waste of tax payers money. Transparent and easy to understand incentive packages with impact are clearly preferred by potential investors.

9. Some incentive packages really make the difference and have indeed a major impact on the investment decision.

10. In the E.U. the "big packages" are granted in regions of new E.U. member states such as Hungary, Bulgaria and Romania.
    Their order of magnitude can equal to 50% of the fixed asset investment.

11. Many regions in old EU member states are not allowed to grant relevant incentives at all (0% of fixed asset investment).
    Some regions of those countries are still eligible to packages of some 10 to 15% of the gross fixed asset investment of the project.

12. EU incentive legislation is statutory; Canada combines a statutory and discretional approach.

Conclusions and recommendations

13. Main drivers of incentive package are:

- Location
- Employment
- Research content
- Fixed asset investment
- Size of the business
- Nature of the project
- Ecology
- Potential benefits for the economy
- Industry segment

14. Assuming the vocation of incentive packages is to stimulate investments that bring wealth (high value added) to the region, it is strange to notice ‘value added’ as such is not a driver of incentive packages.
This is probably explained by their historic background whereby direct employment creation was many times a major political driver. This resulted many times in a cynic paradox whereby labour intensive projects (with no chance to succeed because of the labour cost level in western economies) were favoured over high wealth creating know how/capital intensive projects.

15. Generic incentive packages have a completely different impact according to the nature of the investment project (capital intensive, labour intensive, know how intensive, etc) and the relationship of the elements of the project definition such as fixed asset investment versus employment versus research content versus profit intensity etc.

Conclusions and recommendations

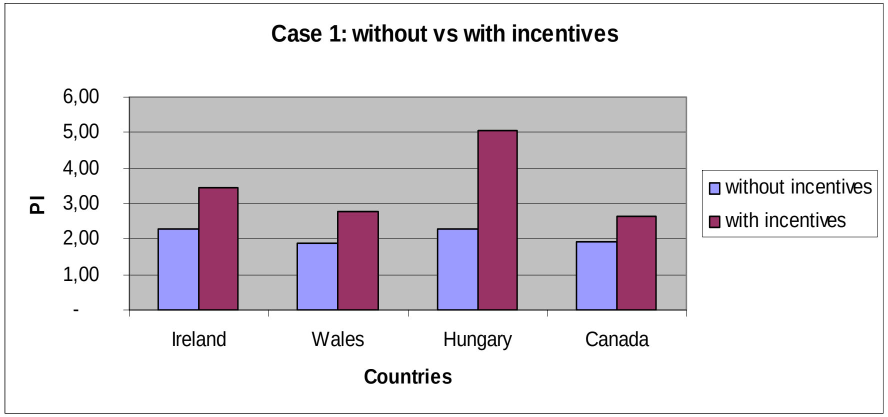
16. The cases illustrating the true impact of incentive packages and their real value (discounted impact on cash flow) are only indicative examples.

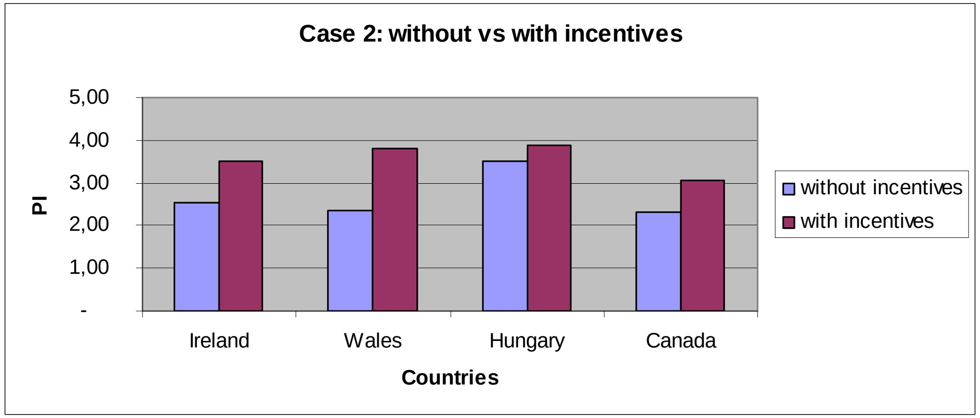
The sample is not big enough and definitely not representative enough to draw conclusions.

The cases however clearly show that some packages really make the difference.

An easy way to measure is impact on Profitability Index (P.I. : sum of future discounted cash flows versus present net cash investment). The index measures how many times the original cash invested is re-made over a number of years of the life time of the project.

The following figures illustrate the impact of some of the packages.





17. These deltas must be seen in combination with tax legislation and application.
Tax as earlier stated is not a regional incentive instrument but a national cost component.
The combination of relevant regional development incentive packages and attractive national tax legislation (corporate tax in particular) are definitely driving investment decisions.

Conclusions and recommendations

18. In order to create relevant incentive packages for the regions in Iceland one should:

a. Define the type of investment targeted

- manufacturing, distribution, shared services, data centres, research centres, etc
- degree of capital intensiveness
- degree of know how intensiveness
- degree of labour intensiveness
- order of magnitude of fixed asset investment (5-10 mio $; 10-50 mio $; 50-150 mio $; 150-500 mio $; above 500 mio $)
- degree of utility intensiveness
- degree of sustainable development
- degree of wealth creation to the region
- degree of cluster effect

b. Define and test combinations of packages with components such as

- cash grant
- training grants
- interest reductions
- research grants
- tax grants
- up front investment grants

c. Consider and test such packages in combination with existing or new (corporate) tax legislation.

- The testing should involve national and international comparisons.
- The defined packages must be tested on their international legal acceptance.
- The budget impact must be predefined, inclusive ROI effects on the budget.
- Definition of KPIs related to regional development targets.

Main Report

Annex - Calculations

Case 1: Ireland – without incentives

case 1

IRELAND - without incentives

EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures													
Site		-	1.425.388	-	-	-	-	-	-	-	-	-	-
Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
Total Capex		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
Turnover													
Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
Operational Expenditures													
Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
Labor (weighted)		-	-	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883
Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
Total Opex		-	-	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178
Cash Flow Before Tax		-	- 15.477.480	- 25.715.388	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045
Capital Allowance													
Building		-	-	-	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576
Equipment		-	-	-	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554
Total Capital Allowance		-	-	-	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130
Gross profit		-	-	(14.266.178)	12.930.915	12.930.915	12.930.915	12.930.915	12.930.915	12.930.915	12.930.915	12.930.915	12.930.915
Corporate Income Tax		12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
Cash flow After Tax		-	(15.477.480)	(25.715.388)	13.864.681	13.864.681	13.864.681	13.864.681	13.864.681	13.864.681	13.864.681	13.864.681	13.864.681
		-	(15.477.480)	(23.377.626)	11.458.414	10.416.740	9.469.764	8.608.876	7.826.251	7.114.774	6.467.976	5.879.978	5.345.435
NPV without incentives		**33.733.101**											
Rate	10%	33.733.101											
Discounted CAPEX		-	15.477.480	10.408.373	-	-	-	-	-	-	-	-	-
PV CAPEX		(25.885.853)											
Discounted Cash Flow (excl CAPEX		-	-	(12.969.252)	11.458.414	10.416.740	9.469.764	8.608.876	7.826.251	7.114.774	6.467.976	5.879.978	5.345.435
PV DCF excl. CAPEX		59.618.954											
PI without incentives		**2,30**											
Rate	10%												

Data_case 1 | Case 1 Assumptions | case 1_IR_without incentives | case 1_IR_with incentives | case 1_UK_witl

Case 1: Ireland – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 1**													
2	**IRELAND - with incentives**													
3														
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6	**Capital Expenditures**													
7	Site		-	1.425.388	-	-	-	-	-	-	-	-	-	-
8	Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
9	Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
10	Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
13														
14	**Incentives**													
15	***Capital grant***		-	3.714.595	2.747.810	-	-	-	-	-	-	-	-	-
16	***R&D grant***			1.547.748	1.144.921									
17														
18	***Total Incentives***		-	5.262.343	3.892.732	-	-	-	-	-	-	-	-	-
19														
20	**Turnover**													
21	Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
22														
23	**Operational Expenditures**													
24	Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
25	Labor (weighted)		-	-	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883	1.478.883
26	Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
27	Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
28	Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
29	Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
30	Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
31														
32	***Total Opex***		-	-	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178	14.266.178
33														
34														
35	**Cash Flow Before Tax**		-	- 10.215.137	- 21.822.657	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045	15.481.045
36														
37	**Capital Allowance**													
38	Building		-	-	-	343.580	343.580	343.580	343.580	343.580	343.580	343.580	343.580	343.580
39	Equipment		-	-	-	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506
40														
41	***Total Capital Allowance***		-	-	-	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086
42														
43														
44	**Gross profit**		-	-	(14.266.178)	13.797.959	13.797.959	13.797.959	13.797.959	13.797.959	13.797.959	13.797.959	13.797.959	13.797.959
45														
46														
47	Corporate Income Tax		12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
48														
49	**Cash flow After Tax**		-	(10.215.137)	(21.822.657)	13.756.300	13.756.300	13.756.300	13.756.300	13.756.300	13.756.300	13.756.300	13.756.300	13.756.300
50	**Discounted Cash Flow**		-	(10.215.137)	(19.838.779)	11.368.843	10.335.312	9.395.738	8.541.580	7.765.073	7.059.157	6.417.416	5.834.014	5.303.649
51														
52	**NPV with incentives**		**41.966.867**											
53	**Rate**	10%	41.966.867											
54														
55	**Discounted CAPEX (with incentives)**		-	10.215.137	6.869.526	-	-	-	-	-	-	-	-	-
56	**PV CAPEX**		(17.084.663)											
57														
58	**Discounted Cash Flow (excl CAPEX wit**		-	-	(12.969.252)	11.368.843	10.335.312	9.395.738	8.541.580	7.765.073	7.059.157	6.417.416	5.834.014	5.303.649
59	**PV DCF excl. CAPEX**		59.051.531											
60														
61	**PI with incentives**		**3,46**											
62	**Rate**	10%												
63														

Data_case 1 | Case 1 Assumptions | case 1_IR_without incentives | case 1_IR_with incentives | case 1_UK_wit

Case 1: Wales – without incentives

	A	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 1**												
2	**WALES - without incentives**												
3													
4	EUR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5		1	2	3	4	5	6	7	8	9	10	11	12
6													
7	**Capital Expenditures**												
8	Site	-	1.425.388	-	-	-	-	-	-	-	-	-	-
9	Building	-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
10	Equipment	-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
11	Utilities	-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
12													
13	***Total Capex***	-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
14													
15													
16	**Turnover**												
17	Sales	-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
18													
19	**Operational Expenditures**												
20	Raw material	-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
21	Labor (weighted)	-	-	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746
22	Power	-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
23	Water	-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
24	Gas	-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
25	Sewerage	-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
26	Transport	-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
27													
28	***Total Opex***	-	-	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041
29													
30													
31	**Cash Flow Before Tax**	-	- 15.477.480	- 25.545.251	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182
32													
33	**Capital Allowance**												
34	Building	-	-	-	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576
35	Equipment	-	-	-	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554
36													
37	***Total Capital Allowance***	-	-	-	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130
38													
39													
40	**Gross profit**	-	-	(14.096.041)	13.101.052	13.101.052	13.101.052	13.101.052	13.101.052	13.101.052	13.101.052	13.101.052	13.101.052
41													
42													
43	Corporate Income Tax	20,0%	20,0%	20,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
44													
45	**Cash flow After Tax**	-	(15.477.480)	(25.545.251)	11.720.867	11.720.867	11.720.867	11.720.867	11.720.867	11.720.867	11.720.867	11.720.867	11.720.867
46		-	(15.477.480)	(23.222.956)	9.686.667	8.806.061	8.005.510	7.277.736	6.616.124	6.014.658	5.467.871	4.970.792	4.518.901
47													
48	**NPV without incentives**	**22.663.883**											
49	**Rate** 10%	22.663.883											
50													
51													
52	**Discounted CAPEX**	-	15.477.480	10.408.373	-	-	-	-	-	-	-	-	-
53	**PV CAPEX**	(25.885.853)											
54													
55	**Discounted Cash Flow (excl CAPEX**	-	-	(12.814.583)	9.686.667	8.806.061	8.005.510	7.277.736	6.616.124	6.014.658	5.467.871	4.970.792	4.518.901
56	**PV DCF excl. CAPEX**	48.549.736											
57													
58													
59													
60													
61	**PI without incentives**	**1,88**											
62	**Rate** 10%												
63													

case 1 IR with incentives / case 1 UK without incentives / case 1 UK with incentives / case 1 HU without inc

Case 1: Wales – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	case 1													
2	WALES	with incentives												
3														
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6	**Capital Expenditures**													
7	Site		-	1.425.388	-	-	-	-	-	-	-	-	-	-
8	Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
9	Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
10	Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
13														
14	**Incentives**													
15	***Capital grant***		-	3.714.595	2.747.810	-	-	-	-	-	-	-	-	-
16	***R&D grant***		-	1.547.748	1.144.921	-	-	-	-	-	-	-	-	-
17														
18	***Total Incentives***		-	5.262.343	3.892.732	-	-	-	-	-	-	-	-	-
19														
20	**Turnover**													
21	Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
22														
23	**Operational Expenditures**													
24	Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
25	Labor (weighted)		-	-	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746	1.308.746
26	Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
27	Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
28	Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
29	Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
30	Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
31														
32	***Total Opex***		-	-	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041	14.096.041
33														
34														
35	**Cash Flow Before Tax**		-	- 10.215.137	- 21.652.520	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182	15.651.182
36														
37	**Capital Allowance**													
38	Building		-	-	-	343.580	343.580	343.580	343.580	343.580	343.580	343.580	343.580	343.580
39	Equipment		-	-	-	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506	1.339.506
40														
41	***Total Capital Allowance***		-	-	-	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086	1.683.086
42														
43														
44	**Gross profit**		-	-	(14.096.041)	13.968.096	13.968.096	13.968.096	13.968.096	13.968.096	13.968.096	13.968.096	13.968.096	13.968.096
45														
46														
47	Corporate Income Tax		20,0%	20,0%	20,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
48														
49	**Cash flow After Tax**		-	(10.215.137)	(21.652.520)	11.460.753	11.460.753	11.460.753	11.460.753	11.460.753	11.460.753	11.460.753	11.460.753	11.460.753
50	**Discounted Cash Flow**		-	(10.215.137)	(19.684.109)	9.471.697	8.610.634	7.827.849	7.116.226	6.469.296	5.881.179	5.346.526	4.860.478	4.418.617
51														
52	**NPV with incentives**		**30.103.256**											
53	**Rate**	10%	30.103.256											
54														
55	**Discounted CAPEX (with incentives)**		-	10.215.137	6.869.526	-	-	-	-	-	-	-	-	-
56	**PV CAPEX**		(17.084.663)											
57														
58	**Discounted Cash Flow (excl CAPEX with ince**		-	-	(12.814.583)	9.471.697	8.610.634	7.827.849	7.116.226	6.469.296	5.881.179	5.346.526	4.860.478	4.418.617
59	**PV DCF excl. CAPEX**		47.187.919											
60														
61	**PI with incentives**		**2,76**											
62	**Rate**	10%												
63														

case 1_IR_with incentives / case 1_UK_without incentives / case 1_UK_with incentives / case 1_HU_without inc

Case 1: Hungary – without incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 1**													
2	**HUNGARY - without incentives**													
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**													
8	Sites		-	1.425.388	-	-	-	-	-	-	-	-	-	-
9	Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
10	Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
11	Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
13	***Total Capex***		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
16	**Turnover**													
17	Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
19	**Operational Expenditures**													
20	Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
21	Labor (weighted)		-	-	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373
22	Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
23	Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
24	Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
25	Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
26	Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
28	***Total Opex***		-	-	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668
31	**Cash Flow Before Tax**		-	- 15.477.480	- 24.890.878	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555
33	**Capital Allowance**													
34	Building		-	-	-	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576
35	Equipment		-	-	-	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554
37	***Total Capital Allowance***		-	-	-	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130
40	**Gross profit**		-	-	(13.441.668)	13.755.425	13.755.425	13.755.425	13.755.425	13.755.425	13.755.425	13.755.425	13.755.425	13.755.425
43	Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
45	**Cash flow After Tax**		-	(15.477.480)	(24.890.878)	13.554.470	13.554.470	13.554.470	13.554.470	13.554.470	13.554.470	13.554.470	13.554.470	13.554.470
46			-	(15.477.480)	(22.628.071)	11.202.041	10.183.674	9.257.885	8.416.260	7.651.145	6.955.586	6.323.260	5.748.419	5.225.835
48	**NPV without incentives**		**32.858.554**											
49	**Rate**	10%	32.858.554											
52	**Discounted CAPEX**		-	15.477.480	10.408.373	-	-	-	-	-	-	-	-	-
53	**PV CAPEX**		(25.885.853)											
55	**Discounted Cash Flow (excl CAPEX**		-	-	(12.219.698)	11.202.041	10.183.674	9.257.885	8.416.260	7.651.145	6.955.586	6.323.260	5.748.419	5.225.835
56	**PV DCF excl. CAPEX**		58.744.408											
61	**PI without incentives**		**2,27**											
62	**Rate**	10%												

case 1_HU_without incentives / case 1_HU_with incentives / case 1_CA_without incentives / case 1_CA_with in

Case 1: Hungary – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 1**													
2	**HUNGARY - with incentives**													
3														
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6	**Capital Expenditures**													
7	Site		-	1.425.388	-	-	-	-	-	-	-	-	-	-
8	Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
9	Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
10	Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
13														
14	**Incentives**													
15	***Cash subsidy***		-	7.738.740	5.724.605	-	-	-	-	-	-	-	-	-
16	***R&D grant***		-	-	-	13.087	13.087							
17														
18	***Total Incentives***		-	7.738.740	5.724.605	13.087	13.087	-	-	-	-	-	-	-
19														
20	**Turnover**													
21	Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
22														
23	**Operational Expenditures**													
24	Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
25	Labor (weighted)		-	-	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373	654.373
26	Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
27	Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
28	Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
29	Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
30	Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
31														
32	***Total Opex***		-	-	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668	13.441.668
33														
34	**Cash Flow Before Tax**		-	- 7.738.740	- 19.166.273	16.318.643	16.318.643	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555	16.305.555
35														
36	**Capital Allowance**													
37	Building		-	-	-	260.288	260.288	260.288	260.288	260.288	260.288	260.288	260.288	260.288
38	Equipment		-	-	-	1.014.777	1.014.777	1.014.777	1.014.777	1.014.777	1.014.777	1.014.777	1.014.777	1.014.777
39														
40	***Total Capital Allowance***		-	-	-	1.275.065	1.275.065	1.275.065	1.275.065	1.275.065	1.275.065	1.275.065	1.275.065	1.275.065
41														
42														
43	**Gross profit**		-	-	(13.441.668)	15.030.490	15.030.490	15.030.490	15.030.490	15.030.490	15.030.490	15.030.490	15.030.490	15.030.490
44														
45														
46	Corporate Income Tax (with development tax allowance)		20,0%	20,0%	20,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
47														
48	**Cash flow After Tax**		-	(7.738.740)	(19.166.273)	14.815.594	14.815.594	14.802.506	14.802.506	14.802.506	14.802.506	14.802.506	14.802.506	14.802.506
49	**Discounted Cash Flow**		-	(7.738.740)	(17.423.885)	12.244.292	11.131.175	10.110.311	9.191.192	8.355.629	7.596.026	6.905.478	6.277.708	5.707.007
50														
51	**NPV with incentives**		**52.356.193**											
52	**Rate**	10%	52.356.193											
53														
54														
55	**Discounted CAPEX (with incentives)**		-	7.738.740	5.204.187	(10.816)	(9.833)	-	-	-	-	-	-	-
56	**PV CAPEX**		(12.922.278)											
57														
58	**Discounted Cash Flow (excl CAPEX with ince**		-	-	(12.219.698)	12.233.476	11.121.342	10.110.311	9.191.192	8.355.629	7.596.026	6.905.478	6.277.708	5.707.007
59	**PV DCF excl. CAPEX**		65.278.470											
60														
61	**PI with incentives**		**5,05**											
62	**Rate**	10%												
63														

case 1_HU_without incentives | case 1_HU_with incentives | case 1_CA_without incentives | case 1_CA_with in

Case 1: Canada – without incentives

case 1												
CANADA - without incentives												
EUR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures												
Site	-	1.425.388	-	-	-	-	-	-	-	-	-	-
Building	-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
Equipment	-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
Utilities	-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
Total Capex	-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
Turnover												
Sales	-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
Operational Expenditures												
Raw material	-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
Labor (weighted)	-	-	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358
Power	-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
Water	-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
Gas	-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
Sewerage	-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
Transport	-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
Total Opex	-	-	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653
Cash Flow Before Tax	-	(15.477.480)	(25.636.863)	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570
Capital Allowance												
Building	-	-	-	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576	520.576
Equipment	-	-	-	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554	2.029.554
Total Capital Allowance	-	-	-	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130	2.550.130
Gross profit	-	-	(14.187.653)	13.009.440	13.009.440	13.009.440	13.009.440	13.009.440	13.009.440	13.009.440	13.009.440	13.009.440
Corporate Income Tax	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%
Cash flow After Tax	-	(15.477.480)	(25.636.863)	12.031.410	12.031.410	12.031.410	12.031.410	12.031.410	12.031.410	12.031.410	12.031.410	12.031.410
	-	(15.477.480)	(23.306.239)	9.943.314	9.039.376	8.217.615	7.470.559	6.791.417	6.174.016	5.612.742	5.102.492	4.638.629
NPV without incentives	**24.206.441**											
Rate 10%	24.206.441											
Discounted CAPEX	-	15.477.480	10.408.373	-	-	-	-	-	-	-	-	-
PV CAPEX	(25.885.853)											
Discounted Cash Flow (excl CAPEX	-	-	(12.897.866)	9.943.314	9.039.376	8.217.615	7.470.559	6.791.417	6.174.016	5.612.742	5.102.492	4.638.629
PV DCF excl. CAPEX	50.092.294											
PI without incentives	**1,94**											
Rate 10%												

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Case 1: Canada – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	case 1													
2	**CANADA - with incentives**													
3														
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6	**Capital Expenditures**													
7	Site		-	1.425.388	-	-	-	-	-	-	-	-	-	-
8	Building		-	3.904.323	1.301.441	-	-	-	-	-	-	-	-	-
9	Equipment		-	8.180.486	8.180.486	-	-	-	-	-	-	-	-	-
10	Utilities		-	1.967.283	1.967.283	-	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	15.477.480	11.449.210	-	-	-	-	-	-	-	-	-
13														
14	**Incentives**													
15	***EDGE subsidy***			1.425.387										
16	***R&D grant***			899.334	732.749									
17														
18	***Total Incentives***		-	2.324.721	732.749	-	-	-	-	-	-	-	-	-
19														
20	**Turnover**													
21	Sales		-	-	-	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223	29.747.223
22														
23	**Operational Expenditures**													
24	Raw material		-	-	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954	9.419.954
25	Labor (weighted)		-	-	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358	1.400.358
26	Power		-	-	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694	619.694
27	Water		-	-	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953	233.953
28	Gas		-	-	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418	294.418
29	Sewerage		-	-	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290	452.290
30	Transport		-	-	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985	1.766.985
31														
32	***Total Opex***		-	-	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653	14.187.653
33														
34														
35	**Cash Flow Before Tax**		-	(13.152.759)	(24.904.114)	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570	15.559.570
36														
37	**Capital Allowance**													
38	Building		-	-	-	487.260	487.260	487.260	487.260	487.260	487.260	487.260	487.260	487.260
39	Equipment		-	-	-	1.899.662	1.899.662	1.899.662	1.899.662	1.899.662	1.899.662	1.899.662	1.899.662	1.899.662
40														
41	***Total Capital Allowance***		-	-	-	2.386.922	2.386.922	2.386.922	2.386.922	2.386.922	2.386.922	2.386.922	2.386.922	2.386.922
42														
43														
44	**Gross profit**		-	-	(14.187.653)	13.172.648	13.172.648	13.172.648	13.172.648	13.172.648	13.172.648	13.172.648	13.172.648	13.172.648
45														
46														
47	Corporate Income Tax (with EDGE tax rebate)		11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%
48														
49	**Cash flow After Tax**		-	(13.152.759)	(24.904.114)	14.102.675	14.102.675	14.102.675	14.102.675	14.102.675	14.102.675	14.102.675	14.102.675	14.102.675
50	**Discounted Cash Flow**		-	(13.152.759)	(22.640.104)	11.655.103	10.595.549	9.632.317	8.756.652	7.960.592	7.236.902	6.579.002	5.980.911	5.437.192
51														
52	**NPV with incentives**		**38.041.357**											
53	**Rate**	10%	38.041.357											
54														
55	**Discounted CAPEX (with incentives)**		-	13.152.759	9.742.237	-	-	-	-	-	-	-	-	-
56	**PV CAPEX**		(22.894.996)											
57														
58	**Discounted Cash Flow (excl CAPEX with ince**		-	-	(12.897.866)	11.655.103	10.595.549	9.632.317	8.756.652	7.960.592	7.236.902	6.579.002	5.980.911	5.437.192
59	**PV DCF excl. CAPEX**		60.936.354											
60														
61	**PI with incentives**		**2,66**											
62	**Rate**	10%												
63														

case 1_CA_without incentives | case 1_CA_with incentives | Data case 2 | Case 2 Assumptions | case 2_IR_wit

Case 2: Ireland – without incentives

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**case 2**																	
2	**IRELAND - without incentives**																	
3							Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
4	EUR					2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
5						1	2	3	4	5	6	7	8	9	10	11	12	
6																		
7	**Capital Expenditures**																	
8	Site						731.826	-	-	-	-	-	-	-	-	-	-	
9	Building						1.595.000	1.715.000		-	-	-	-	-	-	-	-	
10	Equipment						927.960	231.990	1.159.950	-	-	-	-	-	-	-	-	
11																		
12	***Total Capex***					-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-	
13																		
14																		
15	**Turnover**																	
16	Sales							9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	
17																		
18	**Operational Expenditures**																	
19	Raw material							3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	
20	Labor (weighted)							1.114.544	1.622.324	2.323.121	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	
21	Power							16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317	
22	Water							1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	
23	Gas							3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	
24	Transport							1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	
25																		
26	***Total Opex***					-	-	6.758.535	13.151.318	21.928.840	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	
27																		
28																		
29	**Cash Flow Before Tax**					-	(3.254.786)	1.072.055	1.648.322	2.601.780	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	
30																		
31	**Capital Allowance**																	
32	Building					-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	
33	Equipment					-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	
34																		
35	***Total Capital Allowance***					-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	
36																		
37																		
38	**Gross profit**					-	-	2.456.055	2.245.282	2.038.790	2.121.370	2.121.370	2.121.370	2.121.370	2.121.370	2.121.370	2.121.370	
39																		
40																		
41	Corporate Income Tax					12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	
42																		
43	**Cash flow After Tax**					-	(3.254.786)	765.048	1.367.662	2.346.931	2.419.189	2.419.189	2.419.189	2.419.189	2.419.189	2.419.189	2.419.189	
44	**Discounted Cash Flow**					-	(3.254.786)	695.498	1.130.299	1.763.284	1.652.338	1.502.126	1.365.569	1.241.426	1.128.569	1.025.972	932.702	
45																		
46	**NPV without incentives**					**9.182.997**												
47	**Rate**	10%				9.182.997												
48																		
49																		
50	**Discounted CAPEX**					-	3.254.786	1.769.991	958.636	-	-	-	-	-	-	-	-	
51	**PV CAPEX**					(5.983.414)												
52																		
53	**Discounted Cash Flow (excl CAPEX)**					-	-	2.465.489	2.088.935	1.763.284	1.652.338	1.502.126	1.365.569	1.241.426	1.128.569	1.025.972	932.702	
54	**PV DCF excl. CAPEX**					15.166.411												
55																		
56																		
57																		
58																		
59	**PI without incentives**					**2,53**												
60	**Rate**	10%																
61																		
62																		
63																		

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Case 2: Ireland – with incentives

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	case 2																	
2	IRELAND - with incentives																	
3							Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
4	EUR					2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
5						1	2	3	4	5	6	7	8	9	10	11	12	
6	**Capital Expenditures**																	
7	Site						731.826	-	-	-	-	-	-	-	-	-	-	
8	Building						1.595.000	1.715.000		-	-	-	-	-	-	-	-	
9	Equipment						927.960	231.990	1.159.950	-	-	-	-	-	-	-	-	
10																		
11	***Total Capex***					-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-	
12																		
13	**Incentives**																	
14	***Capital grant***					-	976.436	584.097	173.993	-	-	-	-	-	-	-	-	
15	***Training grant***							42.248										
16																		
17	***Total Incentives***					-	976.436	626.345	173.993	-	-	-	-	-	-	-	-	
18																		
19	**Turnover**																	
20	Sales						-	9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	
21																		
22	**Operational Expenditures**																	
23	Raw material							3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	
24	Labor (weighted)							1.114.544	1.622.324	2.323.121	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	3.045.693	
25	Power							16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317	
26	Water							1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	
27	Gas							3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	
28	Transport							1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	
29																		
30	***Total Opex***					-	-	6.758.535	13.151.318	21.928.840	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	33.035.450	
31																		
32	**Cash Flow Before Tax**					-	(2.278.350)	1.698.400	1.822.314	2.601.780	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	2.684.360	
33																		
34	**Capital Allowance**																	
35	Building					-	-	257.425	257.425	257.425	257.425	257.425	257.425	257.425	257.425	257.425	257.425	
36	Equipment					-	-	179.792	179.792	179.792	179.792	179.792	179.792	179.792	179.792	179.792	179.792	
37																		
38	***Total Capital Allowance***					-	-	437.217	437.217	437.217	437.217	437.217	437.217	437.217	437.217	437.217	437.217	
39																		
40																		
41	**Gross profit**					-	-	2.624.076	2.371.054	2.164.563	2.247.143	2.247.143	2.247.143	2.247.143	2.247.143	2.247.143	2.247.143	
42																		
43																		
44	Corporate Income Tax					12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	
45																		
46	**Cash flow After Tax**					-	(2.278.350)	1.370.390	1.525.932	2.331.210	2.403.467	2.403.467	2.403.467	2.403.467	2.403.467	2.403.467	2.403.467	
47	**Discounted Cash Flow**					-	(2.278.350)	1.245.810	1.261.101	1.751.472	1.641.600	1.492.364	1.356.694	1.233.359	1.121.235	1.019.305	926.641	
48																		
49	**NPV with incentives**					**10.771.230**												
50	**Rate**	10%				10.771.230												
51																		
52																		
53	**Discounted CAPEX (with incentives)**					-	2.278.350	1.200.586	814.841	-	-	-	-	-	-	-	-	
54	**PV CAPEX**					(4.293.777)												
55																		
56	**Discounted Cash Flow (excl CAPEX with in**					-	0	2.446.396	2.075.942	1.751.472	1.641.600	1.492.364	1.356.694	1.233.359	1.121.235	1.019.305	926.641	
57	**PV DCF excl. CAPEX**					15.065.007												
58																		
59	**PI with incentives**					**3,51**												
60	**Rate**	10%																
61																		
62																		
63																		

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Case 2: Wales – without incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 2**													
2	**WALES - without incentives**													
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**													
8	Site			731.826	-	-	-	-	-	-	-	-	-	-
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-
15	**Turnover**													
16	Sales				9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810
18	**Operational Expenditures**													
19	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521
20	Labor (weighted)				986.887	1.436.507	2.057.036	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847
21	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317
22	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451
23	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718
24	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750
26	***Total Opex***		-	-	6.630.878	12.965.501	21.662.756	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604
29	**Cash Flow Before Tax**		-	(3.254.786)	1.199.712	1.834.139	2.867.864	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206
31	**Capital Allowance**													
32	Building		-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000
33	Equipment		-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990
35	***Total Capital Allowance***		-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990
38	**Gross profit**		-	-	2.583.712	2.431.099	2.304.874	2.470.216	2.470.216	2.470.216	2.470.216	2.470.216	2.470.216	2.470.216
41	Corporate Income Tax		20,0%	20,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
43	**Cash flow After Tax**		-	(3.254.786)	424.598	1.104.809	2.176.402	2.292.141	2.292.141	2.292.141	2.292.141	2.292.141	2.292.141	2.292.141
44	**Discounted Cash Flow**		-	(3.254.786)	385.998	913.065	1.635.163	1.565.563	1.423.239	1.293.854	1.176.231	1.069.301	972.092	883.720
46	**NPV without incentives**		**8.063.439**											
47	**Rate**	10%	8.063.439											
50	**Discounted CAPEX**		-	3.254.786	1.769.991	958.636	-	-	-	-	-	-	-	-
51	**PV CAPEX**		(5.983.414)											
53	**Discounted Cash Flow (excl CAPEX)**		-	-	2.155.989	1.871.702	1.635.163	1.565.563	1.423.239	1.293.854	1.176.231	1.069.301	972.092	883.720
54	**PV DCF excl. CAPEX**		14.046.853											
59	**PI without incentives**		**2,35**											
60	**Rate**	10%												

case 2_IR_without incentives / case 2_IR_with incentives / case 2_UK_without incentives / case 2_UK_with ince

Case 2: Wales – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 2**													
2	**WALES - with incentives**													
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6														
7	**Capital Expenditures**													
8	Site			731.826	-	-	-	-	-	-	-	-	-	-
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-
13														
14	**Incentives**													
15	***Capital grant***		-	1.301.915	778.796	463.980	-	-	-	-	-	-	-	-
16														
17	***Total Incentives***		-	1.301.915	778.796	463.980	-	-	-	-	-	-	-	-
18														
19	**Turnover**													
20	Sales			-	9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810
21														
22	**Operational Expenditures**													
23	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521
24	Labor (weighted)				986.887	1.436.507	2.057.036	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847	2.696.847
25	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317
26	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451
27	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718
28	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750
29														
30	***Total Opex***		-	-	6.630.878	12.965.501	21.662.756	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604	32.686.604
31														
32														
33	**Cash Flow Before Tax**		-	(1.952.872)	1.978.508	2.298.119	2.867.864	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206	3.033.206
34														
35	**Capital Allowance**													
36	Building		-	-	198.600	198.600	198.600	198.600	198.600	198.600	198.600	198.600	198.600	198.600
37	Equipment		-	-	139.194	139.194	139.194	139.194	139.194	139.194	139.194	139.194	139.194	139.194
38														
39	***Total Capital Allowance***		-	-	337.794	337.794	337.794	337.794	337.794	337.794	337.794	337.794	337.794	337.794
40														
41														
42	**Gross profit**		-	-	2.808.908	2.656.295	2.530.070	2.695.412	2.695.412	2.695.412	2.695.412	2.695.412	2.695.412	2.695.412
43														
44														
45	Corporate Income Tax		20,0%	20,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
46														
47	**Cash flow After Tax**		-	(1.952.872)	1.135.835	1.501.230	2.108.843	2.224.582	2.224.582	2.224.582	2.224.582	2.224.582	2.224.582	2.224.582
48	**Discounted Cash Flow**		-	(1.952.872)	1.032.578	1.240.686	1.584.405	1.519.420	1.381.291	1.255.719	1.141.562	1.037.784	943.440	857.673
49														
50	**NPV with incentives**		**10.041.685**											
51	**Rate**	10%	10.041.685											
52														
53														
54	**Discounted CAPEX (with incentives)**		-	1.952.872	1.061.995	575.182	-	-	-	-	-	-	-	-
55	**PV CAPEX**		(3.590.048)											
56														
57	**Discounted Cash Flow (excl CAPEX with in**		-	-	2.094.572	1.815.868	1.584.405	1.519.420	1.381.291	1.255.719	1.141.562	1.037.784	943.440	857.673
58	**PV DCF excl. CAPEX**		13.631.733											
59														
60	**PI with incentives**		**3,80**											
61	**Rate**	10%												
62														
63														

case 2_IR_with incentives / case 2_UK_without incentives / case 2_UK_with incentives / case 2_HU_without inc

Case 2: Hungary – without incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 2**													
2	**HUNGARY - without incentives**													
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**													
8	Site			731.826	-	-	-	-	-	-	-	-	-	-
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-
15	**Turnover**													
16	Sales				9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810
18	**Operational Expenditures**													
19	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521
20	Labor (weighted)				490.988	714.680	1.023.401	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715
21	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317
22	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451
23	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718
24	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750
26	***Total Opex***		-	-	6.134.980	12.243.674	20.629.121	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472
28	**Cash Flow Before Tax**		-	(3.254.786)	1.695.610	2.555.966	3.901.499	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338
30	**Capital Allowance**													
31	Building		-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000
32	Equipment		-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990
34	***Total Capital Allowance***		-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990
37	**Gross profit**		-	-	3.079.610	3.152.926	3.338.509	3.825.348	3.825.348	3.825.348	3.825.348	3.825.348	3.825.348	3.825.348
40	Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
42	**Cash flow After Tax**		-	(3.254.786)	1.079.688	1.925.380	3.233.798	3.623.268	3.623.268	3.623.268	3.623.268	3.623.268	3.623.268	3.623.268
43	**Discounted Cash Flow**		-	(3.254.786)	981.534	1.591.224	2.429.600	2.474.741	2.249.765	2.045.241	1.859.310	1.690.281	1.536.619	1.396.927
45	**NPV without incentives**		**15.000.455**											
46	**Rate**	10%	15.000.455											
48	**Discounted CAPEX**		-	3.254.786	1.769.991	958.636	-	-	-	-	-	-	-	-
49	**PV CAPEX**		(5.983.414)											
51	**Discounted Cash Flow (excl CAPEX)**		-	-	2.751.525	2.549.860	2.429.600	2.474.741	2.249.765	2.045.241	1.859.310	1.690.281	1.536.619	1.396.927
52	**PV DCF excl. CAPEX**		20.983.869											
54	**PI without incentives**		**3,51**											
55	**Rate**	10%												

case 2_UK_without incentives / case 2_UK_with incentives / case 2_HU_without incentives / case 2_HU_with inc

Case 2: Hungary – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**case 2**														
2	**HUNGARY - with incentives**														
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
5			1	2	3	4	5	6	7	8	9	10	11	12	
6															
7	**Capital Expenditures**														
8	Site			731.826	-	-	-	-	-	-	-	-	-	-	
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-	
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-	
11															
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-	
13															
14	**Incentives**														
15	***Job creation subsidy***		-	4.000	196.000	196.000	244.000	-	-	-	-	-	-	-	
16	***Training***				13.028										
17															
18	***Total Incentives***		-	4.000	209.028	196.000	244.000	-	-	-	-	-	-	-	
19															
20	**Turnover**														
21	Sales			-	9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	
22															
23	**Operational Expenditures**														
24	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	
25	Labor (weighted)				490.988	714.680	1.023.401	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715	1.341.715	
26	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317	
27	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	
28	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	
29	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	
30															
31	***Total Opex***		-	-	6.134.980	12.243.674	20.629.121	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472	31.331.472	
32															
33															
34	**Cash Flow Before Tax**		-	(3.250.786)	1.904.638	2.751.966	4.145.499	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338	4.388.338	
35															
36	**Capital Allowance**														
37	Building		-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	
38	Equipment		-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	
39															
40	***Total Capital Allowance***		-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	
41															
42															
43	**Gross profit (with development tax allow**		-	-	2.972.638	3.032.926	3.218.509	3.705.348	3.705.348	3.705.348	3.705.348	3.705.348	3.705.348	3.705.348	
44															
45															
46	Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	
47															
48	**Cash flow After Tax**		-	(3.250.786)	1.310.110	2.145.380	3.501.798	3.647.268	3.647.268	3.647.268	3.647.268	3.647.268	3.647.268	3.647.268	
49	**Discounted Cash Flow**		-	(3.250.786)	1.191.009	1.773.042	2.630.952	2.491.133	2.264.667	2.058.788	1.871.625	1.701.478	1.546.798	1.406.180	
50															
51	**NPV with incentives**		**15.684.886**												
52	**Rate**	10%	15.684.886												
53															
54	**Discounted CAPEX (with incentives)**		-	3.250.786	1.579.965	796.653	(183.321)	-	-	-	-	-	-	-	
55	**PV CAPEX**		(5.444.084)												
56															
57	**Discounted Cash Flow (excl CAPEX with in**		-	-	2.770.975	2.569.695	2.447.631	2.491.133	2.264.667	2.058.788	1.871.625	1.701.478	1.546.798	1.406.180	
58	**PV DCF excl. CAPEX**		21.128.970												
59															
60	**PI with incentives**		**3,88**												
61	**Rate**	10%													
62															
63															

case 2 HU without incentives / case 2 HU with incentives / case 2 CA without incentives / case 2 CA with in

Case 2: Canada – without incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	case 2													
2	CANADA - without incentives													
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6														
7	**Capital Expenditures**													
8	Site			731.826	-	-	-	-	-	-	-	-	-	-
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-
11														
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-
13														
14														
15	**Turnover**													
16	Sales				9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810
17														
18	**Operational Expenditures**													
19	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521
20	Labor (weighted)				1.055.625	1.536.563	2.200.313	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688
21	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317
22	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451
23	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718
24	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750
25														
26	***Total Opex***		-	-	6.699.617	13.065.557	21.806.032	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444
27														
28														
29	**Cash Flow Before Tax**		-	(3.254.786)	1.130.973	1.734.083	2.724.588	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366
30														
31	**Capital Allowance**													
32	Building		-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000
33	Equipment		-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990
34														
35	***Total Capital Allowance***		-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990
36														
37														
38	**Gross profit**		-	-	2.514.973	2.331.043	2.161.598	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376
39														
40														
41	Corporate Income Tax		27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%	27,1%
42														
43	**Cash flow After Tax**		-	(3.254.786)	449.164	1.102.138	2.138.579	2.226.614	2.226.614	2.226.614	2.226.614	2.226.614	2.226.614	2.226.614
44	**Discounted Cash Flow**		-	(3.254.786)	408.331	910.857	1.606.746	1.520.807	1.382.552	1.256.865	1.142.605	1.038.732	944.302	858.456
45														
46	**NPV without incentives**		**7.815.466**											
47	**Rate**	10%	7.815.466											
48														
49														
50	**Discounted CAPEX**		-	3.254.786	1.769.991	958.636	-	-	-	-	-	-	-	-
51	**PV CAPEX**		(5.983.414)											
52														
53	**Discounted Cash Flow (excl CAPEX)**		-	-	2.178.322	1.869.494	1.606.746	1.520.807	1.382.552	1.256.865	1.142.605	1.038.732	944.302	858.456
54	**PV DCF excl. CAPEX**		13.798.880											
55														
56														
57														
58														
59	**PI without incentives**		**2,31**											
60	**Rate**	10%												
61														
62														
63														

case 2 HU without incentives / case 2 HU with incentives / case 2 CA without incentives / case 2 CA with in

Case 2: Canada – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 2**													
2	**CANADA - with incentives**													
3				Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**													
8	Site			731.826										
9	Building			1.595.000	1.715.000		-	-	-	-	-	-	-	-
10	Equipment			927.960	231.990	1.159.950	-	-	-	-	-	-	-	-
12	***Total Capex***		-	3.254.786	1.946.990	1.159.950	-	-	-	-	-	-	-	-
14	**Incentives**													
15	***EDGE subsidy***		-	731.826										
17	***Total Incentives***		-	731.826	-	-	-	-	-	-	-	-	-	-
19	**Turnover**													
20	Sales			-	9.777.580	15.959.590	24.530.620	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810	35.719.810
22	**Operational Expenditures**													
23	Raw material				3.754.814	7.772.467	13.342.734	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521	20.614.521
24	Labor (weighted)				1.055.625	1.536.563	2.200.313	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688	2.884.688
25	Power				16.658	16.658	33.317	33.317	33.317	33.317	33.317	33.317	33.317	33.317
26	Water				1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451	1.451
27	Gas				3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718	3.718
28	Transport				1.867.350	3.734.700	6.224.500	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750	9.336.750
30	***Total Opex***		-	-	6.699.617	13.065.557	21.806.032	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444	32.874.444
33	**Cash Flow Before Tax**		-	(2.522.961)	1.130.973	1.734.083	2.724.588	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366	2.845.366
35	**Capital Allowance**													
36	Building		-	-	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000	331.000
37	Equipment		-	-	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990	231.990
39	***Total Capital Allowance***		-	-	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990	562.990
42	**Gross profit**		-	-	2.514.973	2.331.043	2.161.598	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376	2.282.376
45	Corporate Income Tax		11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%
47	**Cash flow After Tax**		-	(2.522.961)	852.817	1.476.270	2.485.515	2.592.935	2.592.935	2.592.935	2.592.935	2.592.935	2.592.935	2.592.935
48	**Discounted Cash Flow**		-	(2.522.961)	775.288	1.220.058	1.867.404	1.771.009	1.610.009	1.463.644	1.330.586	1.209.623	1.099.657	999.689
50	**NPV with incentives**		**10.824.007**											
51	**Rate**	10%	10.824.007											
54	**Discounted CAPEX (with incentives)**		-	2.522.961	1.769.991	958.636	-	-	-	-	-	-	-	-
55	**PV CAPEX**		(5.251.588)											
57	**Discounted Cash Flow (excl CAPEX with in**		-	0	2.545.279	2.178.694	1.867.404	1.771.009	1.610.009	1.463.644	1.330.586	1.209.623	1.099.657	999.689
58	**PV DCF excl. CAPEX**		16.075.595											
60	**PI with incentives**		**3,06**											
61	**Rate**	10%												

case 2_HU_with incentives / case 2_CA_without incentives / case 2_CA_with incentives / Data_case 3 / Case 3

Case 3: Ireland – without incentives

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**case 3**																	
2	**IRELAND - without incentives**																	
3																		
4	EUR					2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
5						1	2	3	4	5	6	7	8	9	10	11	12	
6																		
7	**Capital Expenditures**																	
8	Site						-	-	-	-	-	-	-	-	-	-	-	
9	Building and equipment					-	1.500.000	500.000	-	-	-	-	-	-	-	-	-	
10																		
11	***Total Capex***					-	1.500.000	500.000	-	-	-	-	-	-	-	-	-	
12																		
13																		
14	**Turnover**																	
15	Sales					-	-	-	-	-	-	-	-	-	-	-	-	
16																		
17	**Operational Expenditures**																	
18	utilities and rental							325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000	
19	Labor (weighted)							4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	
20																		
21	***Total Opex***					-	-	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	
22																		
23																		
24	**Cash Flow Before Tax**					-	(1.500.000)	(5.054.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	
25																		
26	**Capital Allowance**																	
27	Building and equipment					-	-	-	-	-	-	-	-	-	-	-	-	
28																		
29	***Total Capital Allowance***					-	-	-	-	-	-	-	-	-	-	-	-	
30																		
31																		
32	**Gross profit**					-	-	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	
33																		
34																		
35	Corporate Income Tax					12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	
36																		
37	**Cash flow After Tax**					-	(1.500.000)	(5.054.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	
38	**Discounted Cash Flow**					-	(1.500.000)	(4.594.877)	(3.763.938)	(3.421.762)	(3.110.692)	(2.827.902)	(2.570.820)	(2.337.109)	(2.124.645)	(1.931.495)	(1.755.905)	
39																		
40	**NPV without incentives**					**(29.939.145)**												
41	**Rate**	10%				(29.939.145)												
42																		
43	**Discounted CAPEX**					-	1.500.000	500.000	-	-	-	-	-	-	-	-	-	
44	**PV CAPEX**					(2.000.000)												
45																		
46	**Discounted Cash Flow (excl CAPEX)**					-	-	(4.140.332)	(3.763.938)	(3.421.762)	(3.110.692)	(2.827.902)	(2.570.820)	(2.337.109)	(2.124.645)	(1.931.495)	(1.755.905)	
47	**PV DCF excl. CAPEX**					(27.984.599)												
48																		
49																		
50																		
51																		
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62																		
63																		

case 3_IR_without incentives / case 3_IR_with incentives / case 3_UK_without incentives / case 3_UK_with inc

Case 3: Ireland – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 3**													
2	**IRELAND -**	**with incentives**												
3														
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
6	**Capital Expenditures**													
7	Site			-	-	-	-	-	-	-	-	-	-	-
8	Building and equipment		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
9														
10	***Total Capex***		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
11														
12	**Incentives**													
13	Capital grant		-	600.000	200.000	-	-	-	-	-	-	-	-	-
14	Training grant				67.062									
15	Employment grant				422.936	422.936	422.936	422.936	422.936					
16														
17	***Total Incentives***		-	600.000	689.999	422.936	422.936	422.936	422.936	-	-	-	-	-
18														
19	**Turnover**													
20	Sales		-	-	-	-	-	-	-	-	-	-	-	-
21														
22	**Operational Expenditures**													
23	utilities and rental				325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000	325.000
24	Labor (weighted)				4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365	4.229.365
25														
26	***Total Opex***		-	-	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365	4.554.365
27														
28	**Cash Flow Before Tax**		-	(900.000)	(4.364.366)	(4.131.428)	(4.131.428)	(4.131.428)	(4.131.428)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)
29														
30	**Capital Allowance**													
31	Building and equipment		-	-	-	-	-	-	-	-	-	-	-	-
32	***Total Capital Allowance***		-	-	-	-	-	-	-	-	-	-	-	-
33														
34	**Gross profit**		-	-	(4.064.366)	(4.131.428)	(4.131.428)	(4.131.428)	(4.131.428)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)
35														
36	Corporate Income Tax		12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%	12,5%
37														
38	**Cash flow After Tax**		-	(900.000)	(4.364.366)	(4.131.428)	(4.131.428)	(4.131.428)	(4.131.428)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)	(4.554.365)
39	**Discounted Cash Flow**		-	(900.000)	(3.967.605)	(3.414.403)	(3.104.003)	(2.821.821)	(2.565.292)	(2.570.820)	(2.337.109)	(2.124.645)	(1.931.495)	(1.755.905)
40														
41	**NPV with incentives**		**(27.493.099)**											
42	**Rate**	10%	(27.493.099)											
43														
44	**Discounted CAPEX (with incentives)**		-	900.000	(189.999)	(422.936)	(422.936)	(422.936)	(422.936)	-	-	-	-	-
45	**PV CAPEX**		(981.745)											
46	**Discounted Cash Flow (excl CAPEX with incentives)**		-	-	(4.140.332)	(3.763.938)	(3.421.762)	(3.110.692)	(2.827.902)	(2.570.820)	(2.337.109)	(2.124.645)	(1.931.495)	(1.755.905)
47	**PV DCF excl. CAPEX**		(27.984.599)											

case 3_IR_without incentives / case 3_IR_with incentives / case 3_UK_without incentives / case 3_UK_with ince

Case 3: Wales – without incentives

case 3

WALES - without incentives

EUR	B	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures													
Site			-	-	-	-	-	-	-	-	-	-	-
Building and equipment		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Total Capex		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Turnover													
Sales		-	-	-	-	-	-	-	-	-	-	-	-
Operational Expenditures													
utilities and rental				180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000
Labor (weighted)				3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576
Total Opex		-	-	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576
Cash Flow Before Tax		-	(1.500.000)	(4.404.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Capital Allowance													
Building and equipment		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Allowance		-	-	-	-	-	-	-	-	-	-	-	-
Gross profit		-	-	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
Cash flow After Tax		-	(1.500.000)	(4.404.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Discounted Cash Flow		-	(1.500.000)	(4.004.160)	(3.226.922)	(2.933.565)	(2.666.878)	(2.424.434)	(2.204.031)	(2.003.665)	(1.821.513)	(1.655.921)	(1.505.383)
NPV without incentives		**(25.946.473)**											
Rate	10%	(25.946.473)											
Discounted CAPEX		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
PV CAPEX		(2.000.000)											
Discounted Cash Flow (excl CAPEX)		-	-	(3.549.614)	(3.226.922)	(2.933.565)	(2.666.878)	(2.424.434)	(2.204.031)	(2.003.665)	(1.821.513)	(1.655.921)	(1.505.383)
PV DCF excl. CAPEX		(23.991.927)											

case 3_IR_without incentives | case 3_IR_with incentives | case 3_UK_without incentives | case 3_UK_with ince

Case 3: Wales – with incentives

case 3													
WALES - with incentives													
EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures													
Site			-	-	-	-	-	-	-	-	-	-	-
Building and equipment		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Total Capex		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Incentives													
Capital grant		-	600.000	200.000	-	-	-	-	-	-	-	-	-
Total Incentives		-	600.000	200.000	-	-	-	-	-	-	-	-	-
Turnover													
Sales		-	-	-	-	-	-	-	-	-	-	-	-
Operational Expenditures													
utilities and rental				180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000	180.000
Labor (weighted)				3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576	3.724.576
Total Opex		-	-	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576	3.904.576
Cash Flow Before Tax		-	(900.000)	(4.204.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Capital Allowance													
Building and equipment		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Allowance		-	-	-	-	-	-	-	-	-	-	-	-
Gross profit		-	-	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
Cash flow After Tax		-	(900.000)	(4.204.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)	(3.904.576)
Discounted Cash Flow		-	(900.000)	(3.822.341)	(3.226.922)	(2.933.565)	(2.666.878)	(2.424.434)	(2.204.031)	(2.003.665)	(1.821.513)	(1.655.921)	(1.505.383)
NPV with incentives		**(25.164.654)**											
Rate	10%	(25.164.654)											
Discounted CAPEX (with incentives)		-	900.000	300.000	-	-	-	-	-	-	-	-	-
PV CAPEX		1.200.000											
Discounted Cash Flow (excl CAPEX with in		-	-	(3.549.614)	(3.226.922)	(2.933.565)	(2.666.878)	(2.424.434)	(2.204.031)	(2.003.665)	(1.821.513)	(1.655.921)	(1.505.383)
PV DCF excl. CAPEX		(23.991.927)											

case 3_IR_with incentives / case 3_UK_without incentives / case 3_UK_with incentives / case 3_HU_without inc

Case 3: Hungary – without incentives

case 3

HUNGARY - without incentives

EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures													
Site			-	-	-	-	-	-	-	-	-	-	-
Building and equipment		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Total Capex		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Turnover													
Sales		-	-	-	-	-	-	-	-	-	-	-	-
Operational Expenditures													
utilities and rental				345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000
Labor (weighted)				2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683
Total Opex		-	-	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683
Cash Flow Before Tax		-	(1.500.000)	(2.923.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
Capital Allowance													
Building and equipment		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Allowance		-	-	-	-	-	-	-	-	-	-	-	-
Gross profit		-	-	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
Cash flow After Tax		-	(1.500.000)	(2.923.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
Discounted Cash Flow		-	(1.500.000)	(2.657.893)	(2.003.043)	(1.820.949)	(1.655.408)	(1.504.916)	(1.368.106)	(1.243.732)	(1.130.666)	(1.027.878)	(934.435)
NPV without incentives		**(16.847.026)**											
Rate	10%	(16.847.026)											
Discounted CAPEX		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
PV CAPEX		(2.000.000)											
Discounted Cash Flow (excl CAPEX)		-	-	(2.203.348)	(2.003.043)	(1.820.949)	(1.655.408)	(1.504.916)	(1.368.106)	(1.243.732)	(1.130.666)	(1.027.878)	(934.435)
PV DCF excl. CAPEX		(14.892.481)											

case 3_UK_without incentives / case 3_UK_with incentives / case 3_HU_without incentives / case 3_HU_with inc

Case 3: Hungary – with incentives

	A	B	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 3**													
2	**HUNGARY - with incentives**													
4	EUR		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5			1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**													
8	Site			-	-	-	-	-	-	-	-	-	-	-
9	Building and equipment		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
11	***Total Capex***		-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
13	**Incentives**													
14	Job creation subsidy				520.000									
15	Training grant				19.523									
17	***Total Incentives***		-	-	539.523	-	-	-	-	-	-	-	-	-
19	**Turnover**													
20	Sales		-	-	-	-	-	-	-	-	-	-	-	-
22	**Operational Expenditures**													
23	utilities and rental				345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000
24	Labor (weighted)				2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683	2.078.683
26	***Total Opex***		-	-	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683	2.423.683
29	**Cash Flow Before Tax**		-	(1.500.000)	(2.384.159)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
31	**Capital Allowance**													
32	Building and equipment		-	-	-	-	-	-	-	-	-	-	-	-
34	***Total Capital Allowance***		-	-	-	-	-	-	-	-	-	-	-	-
37	**Gross profit**		-	-	(2.404.159)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
40	Corporate Income Tax		20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%
42	**Cash flow After Tax**		-	(1.500.000)	(2.384.159)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)	(2.423.683)
43	**Discounted Cash Flow**		-	(1.500.000)	(2.167.417)	(2.003.043)	(1.820.949)	(1.655.408)	(1.504.916)	(1.368.106)	(1.243.732)	(1.130.666)	(1.027.878)	(934.435)
45	**NPV with incentives**		**(16.356.550)**											
46	**Rate**	10%	(16.356.550)											
49	**Discounted CAPEX (with incentives)**		-	1.500.000	(39.523)	-	-	-	-	-	-	-	-	-
50	**PV CAPEX**		1.460.477											
52	**Discounted Cash Flow (excl CAPEX with in**		-	-	(2.203.348)	(2.003.043)	(1.820.949)	(1.655.408)	(1.504.916)	(1.368.106)	(1.243.732)	(1.130.666)	(1.027.878)	(934.435)
53	**PV DCF excl. CAPEX**		(14.892.481)											

case 3_UK_with incentives / case 3_HU_without incentives / case 3_HU_with incentives / case 3_CA_without inc

Case 3: Canada – without incentives

case 3

CANADA - without incentives

EUR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditures												
Site		-	-	-	-	-	-	-	-	-	-	-
Building and equipment	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Total Capex	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
Turnover												
Sales	-	-	-	-	-	-	-	-	-	-	-	-
Operational Expenditures												
utilities and rental			345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000
Labor (weighted)			3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357
Total Opex	-	-	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357
Cash Flow Before Tax	-	(1.500.000)	(4.677.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
Capital Allowance												
Building and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Allowance	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
Corporate Income Tax	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%
Cash flow After Tax	-	(1.500.000)	(4.677.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
Discounted Cash Flow	-	(1.500.000)	(4.252.142)	(3.452.361)	(3.138.510)	(2.853.191)	(2.593.810)	(2.358.009)	(2.143.645)	(1.948.768)	(1.771.607)	(1.610.552)
NPV without incentives	**(27.622.594)**											
Rate 10%	(27.622.594)											
Discounted CAPEX	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
PV CAPEX	(2.000.000)											
Discounted Cash Flow (excl CAPEX)	-	-	(3.797.597)	(3.452.361)	(3.138.510)	(2.853.191)	(2.593.810)	(2.358.009)	(2.143.645)	(1.948.768)	(1.771.607)	(1.610.552)
PV DCF excl. CAPEX	(25.668.049)											

case 3_HU_without incentives | case 3_HU_with incentives | case 3_CA_without incentives | case 3_CA_with in

Case 3: Canada – with incentives

Row	A–E	F	G	H	I	J	K	L	M	N	O	P	Q
1	**case 3**												
2	**CANADA - with incentives**												
4	EUR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5		1	2	3	4	5	6	7	8	9	10	11	12
7	**Capital Expenditures**												
8	Site		-	-	-	-	-	-	-	-	-	-	-
9	Building and equipment	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
11	***Total Capex***	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
14	**Turnover**												
15	Sales	-	-	-	-	-	-	-	-	-	-	-	-
17	**Operational Expenditures**												
18	utilities and rental			345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000	345.000
19	Labor (weighted)			3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357	3.832.357
21	***Total Opex***	-	-	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357	4.177.357
24	**Cash Flow Before Tax**	-	(1.500.000)	(4.677.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
26	**Capital Allowance**												
27	Building and equipment	-	-	-	-	-	-	-	-	-	-	-	-
29	***Total Capital Allowance***	-	-	-	-	-	-	-	-	-	-	-	-
32	**Gross profit**	-	-	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
35	Corporate Income Tax	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%
37	**Cash flow After Tax**	-	(1.500.000)	(4.677.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)	(4.177.357)
38	**Discounted Cash Flow**	-	(1.500.000)	(4.252.142)	(3.452.361)	(3.138.510)	(2.853.191)	(2.593.810)	(2.358.009)	(2.143.645)	(1.948.768)	(1.771.607)	(1.610.552)
40	**NPV with incentives**	**(27.622.594)**											
41	**Rate** 10%	(27.622.594)											
44	**Discounted CAPEX (with incentives)**	-	1.500.000	500.000	-	-	-	-	-	-	-	-	-
45	**PV CAPEX**	(2.000.000)											
47	**Discounted Cash Flow (excl CAPEX with in**	-	-	(3.797.597)	(3.452.361)	(3.138.510)	(2.853.191)	(2.593.810)	(2.358.009)	(2.143.645)	(1.948.768)	(1.771.607)	(1.610.552)
48	**PV DCF excl. CAPEX**	(25.668.049)											

case 3 HU with incentives / case 3 CA without incentives / case 3 CA with incentives

Main Report

Annex - Incentives in the world

Effectiveness?

Matrix of inward FDI performance and potential, 2005[a]

	High FDI performance	Low FDI performance
	Front-runners	Below potential
High FDI potential	Azerbaijan, Bahamas, Bahrain, Belgium, Botswana, Brunei Darussalam, Bulgaria, Chile, China, Croatia, Cyprus, Czech Republic, Dominican Republic, Estonia, Hong Kong (China), Hungary, Iceland, Israel, Jordan, Kazakhstan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Netherlands, Panama, Poland, Portugal, Qatar, Singapore, Slovakia, Thailand, Trinidad and Tobago, Ukraine, United Arab Emirates and United Kingdom.	Algeria, Argentina, Australia, Austria, Belarus, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Islamic Republic of Iran, Italy, Japan, Kuwait, Libyan Arab Jamahiriya, Mexico, New Zealand, Norway, Oman, Republic of Korea, Russian Federation, Saudi Arabia, Slovenia, Spain, Sweden, Switzerland, Taiwan Province of China, Tunisia, Turkey, United States and Venezuela.
	Above potential	Under-performers
Low FDI potential	Albania, Angola, Armenia, Colombia, Congo, Costa Rica, Ecuador, Egypt, Ethiopia, Gabon, Gambia, Georgia, Guyana, Honduras, Jamaica, Kyrgyzstan, Lebanon, Mali, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Republic of Moldova , Romania, Sierra Leone, Sudan, Suriname, Tajikistan, Uganda, United Republic of Tanzania, Uruguay, Viet Nam and Zambia.	Bangladesh, Benin, Bolivia, Burkina Faso, Cameroon, Democratic Republic of Congo, Côte d'Ivoire, El Salvador, Ghana, Guatemala, Guinea, Haiti, India, Indonesia, Kenya, TFYR of Macedonia , Madagascar, Malawi, Myanmar, Nepal, Niger, Nigeria, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Rwanda, Senegal, South Africa, Sri Lanka, Syrian Arab Republic, Togo, Uzbekistan, Yemen and Zimbabwe.

Source: UNCTAD.

[a] Three-year moving average for 2003-2005. Because of unavailability of data on FDI potential for 2006, the data for 2005 have been used.

Inward FDI Potential - Methodology of UNCTAD

The Inward FDI Potential Index captures several factors (apart from market size) expected to affect an economy´s attractiveness to foreign investors. It is an average of the values (normalized to yield a score between zero, for the lowest scoring country, to one, for the highest) of 12 variables (no weights are attached in the absence of a priori reasons to select particular weights):

- GDP per capita, an indicator of the sophistication and breadth of local demand (and of several other factors), with the expectation that higher income economies attract relatively more FDI geared to innovative and differentiated products and services
- The rate of GDP growth over the previous 10 years, a proxy for expected economic growth
- The share of exports in GDP, to capture openness and competitiveness
- As an indicator of modern information and communication infrastructure, the average number of telephone lines per 1,000 inhabitants and mobile telephones per 1,000 inhabitants
- Commercial energy use per capita, for the availability of traditional infrastructure
- The share of R&D spending in GDP, to capture local technological capabilities
- The share of tertiary students in the population, indicating the availability of high-level skills
- Country risk, a composite indicator capturing some macroeconomic and other factors that affect the risk perception of investors (the variable is measured in such a way that high values indicate less risk)
- The world market share in exports of natural resources, to proxy for the availability of resources for extractive FDI
- The world market share of imports of parts and components for automobiles and electronic products, to capture participation in the leading TNC integrated production systems (WIR02).
- The world market share of exports of services, to seize the importance of FDI in the services sector that accounts for some two thirds of world FDI.
- The share of world FDI inward stock, a broad indicator of the attractiveness and absorptive capacity for FDI, and the investment climate

Inward FDI Potential - Results

Rank	Country	Score	Rank	Country	Score
1	United States	0.62	16	Belgium	0.39
2	Singapore	0.46	17	Korea, Republic of	0.37
3	**United Kingdom**	0.45	18	Australia	0.37
4	**Canada**	0.44	19	Denmark	0.37
5	Luxembourg	0.43	20	Taiwan Province of China	0.37
6	Germany	0.43	…	…	…
7	Norway	0.42	38	Czech Republic	0.27
8	Sweden	0.42	39	Lithuania	0.27
9	Qatar	0.42	40	Libyan Arab Jamahiriya	0.27
10	**Iceland**	0.41	41	**Hungary**	0.26
11	Hong Kong, China	0.40	42	Latvia	0.26
12	Netherlands	0.40	43	Cyprus	0.26
13	**Ireland**	0.40	…	…	…
14	Finland	0.39	139	Haiti	0.06
15	France	0.39	140	Congo, Dem. Rep.	0.04
			141	Zimbabwe	0.02

Investment Incentives are attractive to foreign investors

Investment Incentives are attractive to foreign investors

Country	Values
Ireland	8.59
Netherlands	7.78
China	7.20
United Kingdom	6.85
USA	6.84
Belgium	6.52
Germany	6.12
France	5.92
Japan	4.94

Source: IMD, World Competitiveness Yearbook, 2007