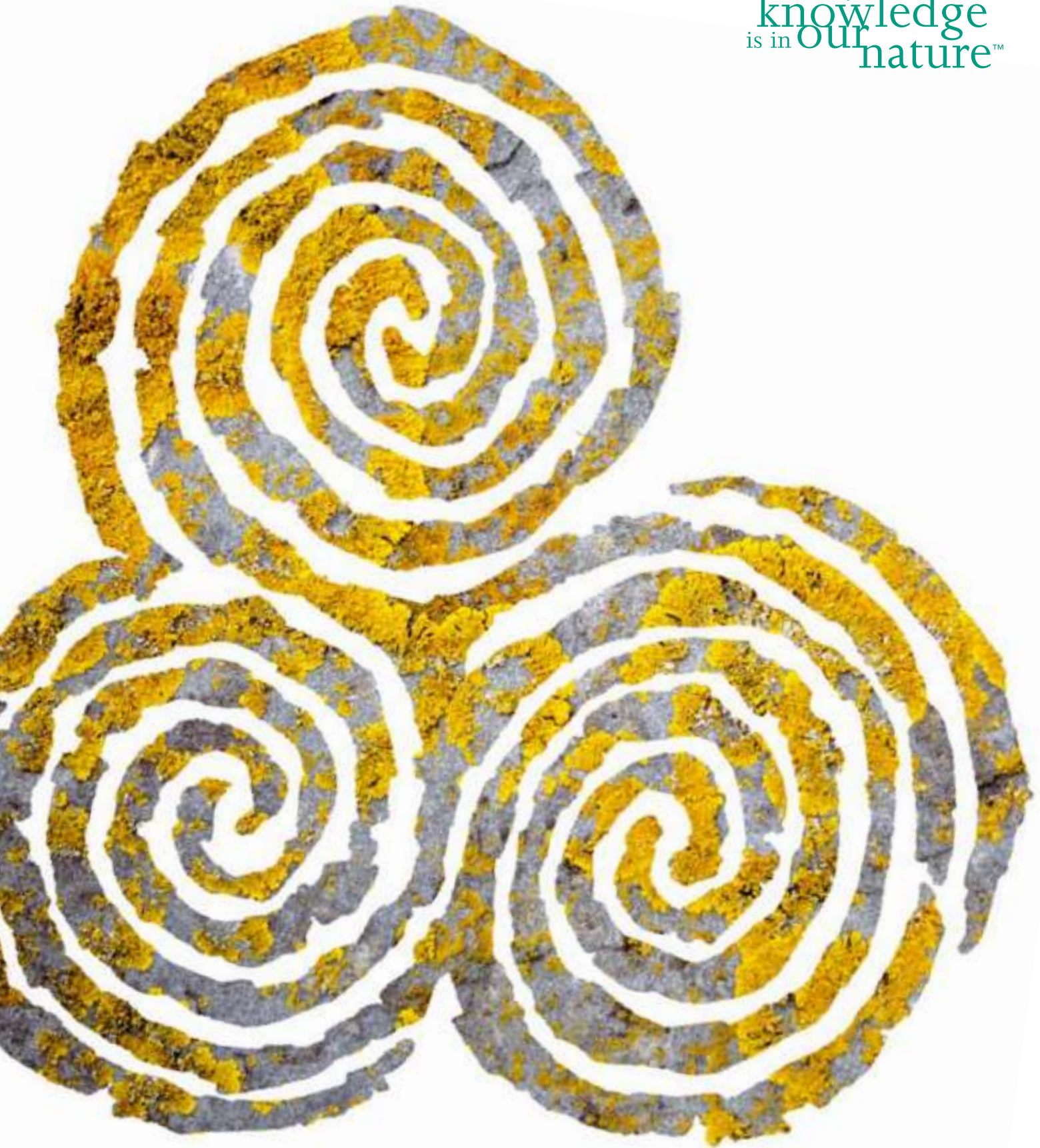




Ireland,
knowledge
is in our nature™



To the Minister for Enterprise, Trade and Employment:

Pursuant to the Industrial Development Act 1993, IDA Ireland herewith presents its report and accounts for the year ended 31 December 2005.

Don Aire Fiontar, Trádála agus Fostaíochta:

De bhun an Achta um Forbairt Tionscail 1993, tá a thuarascáil agus a chúntais don bhliain dar chríoch 31 Nollaig 2005 á dtíolacadh leis seo ag IDA Ireland.

*It is the policy of IDA Ireland to make information available, on request, on grants paid to companies.
An Irish language version of this Annual Report is available on request. This Annual Report and other
IDA Ireland information is available on our website www.idaireland.com*

M I S S I O N S T A T E M E N T

We will win for Ireland, its people and its regions, the best in international innovation and investment so as to contribute to the continued transformation of Ireland to a world-leading society which is rich in creativity, learning and personal and social well-being.

We will work in partnerships with other organisations to enhance the best of Irish capabilities and talents and match them to the best of global investment. We will carry out our mission with integrity, professional excellence and responsiveness to all with whom we work or are in contact.

A N N U A L R E P O R T 2 0 0 5

C O N T E N T S

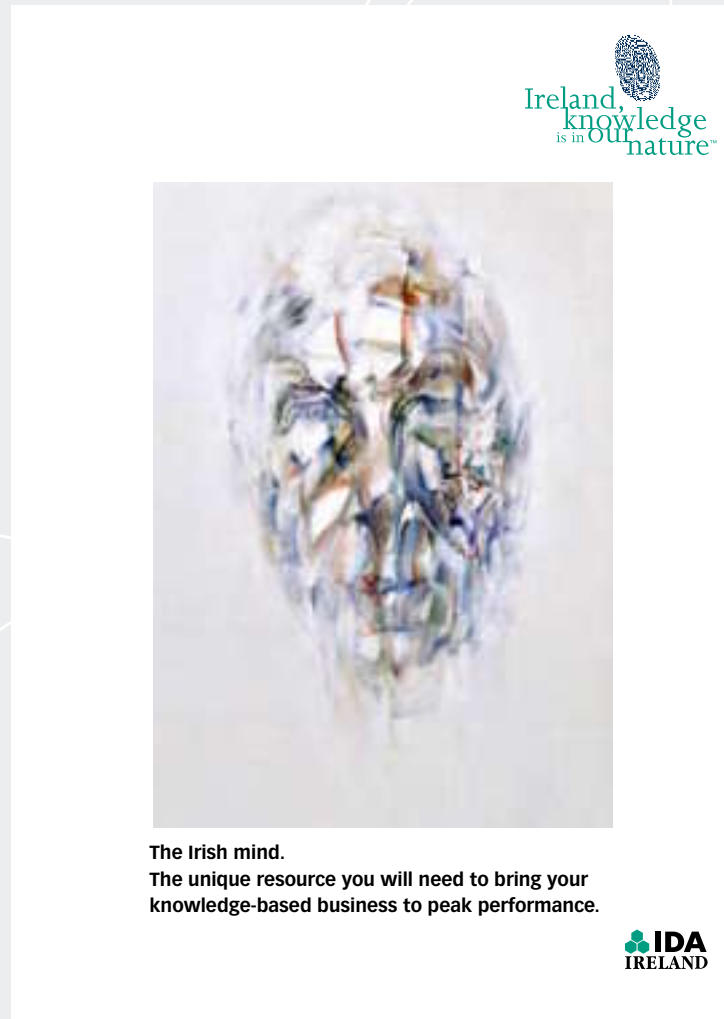
4	Chairman and CEO Overview
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The Irish Mind


From the earliest times the Irish mind remained free, in significant measure, of the linear centralising logic of the Greco-Roman culture which dominated most of Western Europe. The Irish intellectual tradition represents a counter-movement to this logocentrism – this would mean that the Irish did not abandon order for disorder; they created a different kind of order.

Professor Richard Kearney


The Irish Mind: Exploring Intellectual Traditions (1984)



Ireland, knowledge is in our nature™



The Irish mind.
The unique resource you will need to bring your knowledge-based business to peak performance.



This self portrait by the artist Louis le Brocquy uses the image of the human head as the magic box which contains the unique aspects of the Irish mind.

Radical non-linear innovation is the only way to escape the ruthless hyper-competition that has been hammering down costs industry after industry – non-linear innovation requires the capacity to escape the shackles of the past and imagine exciting innovative solutions to current needs.

Gary Hamel & C.K. Prahalad (1994)

Competing for the Future, Harvard Business School Press



CHAIRMAN & CHIEF EXECUTIVE OVERVIEW

CHAIRMAN & CHIEF EXECUTIVE OVERVIEW



John Dunne
Chairman



Sean Dorgan
Chief Executive

In 2005, Ireland and IDA Ireland continued the transition to more high-value and knowledge intensive economic activities. As a small, very open economy we know that competitiveness, flexibility and innovation are key to our economic development. Government strategy is clearly aimed at developing and maintaining an ever more dynamic enterprising and innovation based economy, which can sustain higher living standards and an improved quality of life for all.

Over recent years we have seen clearly the extent of change in global business and the opening up of new competing locations for investment. These factors have created challenges for Ireland which we have successfully met. Central to our continued progress has been a shared national vision of development, openness to change, and our unique cultural way of innovating and of connecting the essential elements for advancement.

Ireland continues to win international investments because it is recognised as a business location where the workforce, in addition to being highly qualified, has a unique capacity to improve, to innovate and to initiate new ideas, new processes and new methods of operating that can make business more dynamic, more efficient, and ultimately more profitable.

IDA will be building on this reputation with a new marketing campaign that will highlight the features of the Irish mind and its value to business innovation. We illustrate some of the key aspects of that theme in this annual report.

Dynamic shift in Investment profile

The Irish economy has performed very strongly over the past number of years and is much admired internationally. The level of foreign direct investment (FDI) in Ireland, relative to the size of the economy, is one of the highest in the world. Today, over 1,000 overseas companies have substantial international operations in Ireland. These include many of the leading companies in information technology and communications, life sciences, international services, engineering and financial services.

Competition for FDI is relentless and global. Its nature has noticeably changed. Investors now have a myriad of location options for each part of their business process. Global corporations can organise and engineer their businesses in physical or virtual form and select the most effective location for each element. In doing so, they seek three essential ingredients: the right people and skills, a supportive ecosystem and infrastructure, and a positive and forward-looking attitude. These are distinctive features of Ireland.

Ireland has re-invented its attractions for inward investment over the past seven years, recognising changes in global conditions and in our own circumstances. Now we are distinguished for the quality of our national capabilities as much as for the efficiency of our performance. Investors comment on the nimbleness and coherence with which change is achieved in Ireland. These are features that matter in the fluid, connected, highly competitive world of globalised business.

There have been many contributors to this transformation, at Government level, in educational and other public institutions, and in the business sector. Each has pursued improvements in order to be more competitive at more advanced levels of activity. There have been many strong partnerships involved. In the case of multinational companies in Ireland, recent years have seen new

investments in production and service facilities and, increasingly, in R&D and other innovation activities.

The value of inward investment must now be judged on its nature and quality rather than in quantitative measures or job numbers alone, as before. Today's investments are characterised by their leading-edge nature, in terms of technology, such as in Amgen and Intel, or their market innovation, such as in eBay and Google. They are increasingly reliant on a highly skilled workforce. They require an agile, flexible and responsive operating environment.

Reflecting the changes in the nature of investment, IDA Ireland is continuing with the use of a number of performance indicators that we introduced last year. These indicators, on page 18, are more relevant to an advanced economy and supplement the traditional quantitative measures.

Progress in 2005

Our challenge in IDA has been to ensure that the investments we secure are innovation driven, technologically advanced and with the highest calibre of employment creation. We also strive to achieve good regional balance in investments. In each of these regards 2005 was a good year:

- 71 investment projects (greenfield and expansion) were supported in the year with 46 of these locating outside Dublin,
- Some 50 R&D projects were supported involving a total investment by business in excess of €275 million – a record in number and value and a 95% increase in value over 2004,
- Over 50% of the jobs supported in 2005 will require third-level or higher qualifications, in various disciplines including IT, financial services, science and engineering,

CHAIRMAN & CHIEF EXECUTIVE OVERVIEW (CONT'D)

- Close to 40% of all new jobs in IDA-backed projects now earn in excess of €37,000 per annum,
- There was a net increase of 3,412 (or 2.6%) in the number of permanent jobs in IDA-backed companies.

These achievements come about through extensive work with new investors, such as Amazon and Amgen, and by supporting the growth and development of existing clients here such as Citigroup and Wyeth, often increasing the value-add and strategic importance of their Irish operations with additional functions and activities. Especially noteworthy was the progress made in the year in winning significant R&D investments.

Among many companies currently investing strongly in their operations in Ireland are Johnson & Johnson, Intel, Centocor, Pfizer and Wyeth, while eBay, Google, Lake Region, Merrill Lynch and State Street, among many others, are growing their employment also.

Regional successes in 2005 included substantial expansions from PFPC and Waters Corporation in Wexford and the opening of a new PFPC centre in Navan. In Waterford, BISYS announced a new funds administration centre and Bausch & Lomb committed to a €42 million investment in its contact lens plant. International Fund Services (IFS) opened new fund centres in Naas and Drogheda. In Sligo, Toucan commenced a telecommunications service centre. In Letterkenny, SITA expanded its software operation and Zeus Industrial Products located its new European Operations Centre. AXA Assistance SA chose Athlone for its second Irish operation.

The year was also notable for the strong performance of the international financial services sector. In addition

to the investments already noted, many IFSC companies increased their businesses in Dublin, new niche players entered the sector here, and the standing of Ireland as a European base was strengthened by the arrival of The Hartford Financial Services Group among others.

Research and Innovation

Ireland is now a global competitor for R&D investment from multinational companies and leading research institutions. We are seeing the results of a concerted effort in Government policy to build a substantial foundation of world-class science and technology in our academic institutions and, in particular, the encouragement of strong business and academic collaborations. This is enabling the build-up of meaningful research and development capabilities of Irish based business, a step that is fundamental to Ireland's future competitiveness and sustainable growth.

Each investment made by companies in research or innovation, or by agencies such as IDA in the supporting science and engineering infrastructure, should be a factor that will differentiate us from competing locations and therefore underpin existing or new employment here. The benefits of investment in research are indirect and not always readily measured; however, we know from experience in IDA that a commitment to R&D in a company strengthens its strategic position and its roots in Ireland. We will, therefore, be continuing to increase our support for R&D developments over coming years.

The many significant R&D investment decisions in 2005 included Microsoft's establishment of a software R&D centre at its European operations in Sandyford. Leading companies such as Bristol-Myers Squibb, Citigroup, Genzyme, Pfizer and Xilinx are investing over €50 million

in new leading edge R&D projects and research facilities to develop world class products, processes and services for their international markets. Dell is establishing an engineering centre of competency in Limerick, which will involve extensive collaboration with research groups at the University of Limerick, and Palm is locating a software applications R&D centre in Swords.

During 2005, IDA committed funding, with Government agreement, to the establishment of the National Institute for Bio-processing Research and Training (NIBRT). This is a strategic investment in a state-of-the-art, industry focused institute that will give Ireland a competitive advantage in serving the global biopharmaceutical industry. UCD, TCD, DCU and Sligo Institute of Technology are foundation members of NIBRT, which will be based at the UCD Industry Park in Dublin. This type of support, which was novel for IDA, is indicative of the kind of intervention that will increasingly be necessary to create a world-leading ecosystem for specific business areas in Ireland. Page 15 illustrates the powerful national collaborative network facilitating the vitally important research and development agenda.

The Key Role and Value of Foreign Direct Investment (FDI)

Ireland has now established an enviable reputation globally as a location for advanced manufacturing, sophisticated business services and, increasingly, for leading research and innovation. Each of these areas will be of critical importance to our continuing success.

Internationally, manufacturing activities continue to transform: some elements migrate to lower cost locations, but the more advanced, complex, sophisticated manufacturing, frequently involving capital investment of €1 million per employee, has a critical value creation role in all developed economies including Ireland. This manufacturing will create high export values, introduce leading-edge technologies and foster related R&D activities.

Most of the world's major pharmaceutical and medical technology companies have substantial manufacturing activities in Ireland, such as Pfizer, Johnson & Johnson and Wyeth, as do many electronics companies – for example, Dell, HP, IBM and Intel. In each of these cases, their success here depends critically on the performance of their workforces, their ability to meet the highest global regulatory and other standards, and their agility in adjusting to changes in their markets and environments.

Advanced manufacturing needs high levels of productivity to compete against low cost locations. A growing proportion of manufacturing employees will have third level (or higher) qualifications to manage, support or develop the complex processes involved. Ireland is well positioned with the engineering and technical skills we produce, but we must continue to maintain a high interest and student engagement in these areas.

Ireland has a strong track record in capturing foreign direct investment in service activities, from the 1980s when the potential of software and financial services was identified, the 1990s when IDA led the way in Europe in shared service centres, and 2000 when e-business was targeted.

Globalisation, the continued development of computing and communications technologies, business re-engineering and the liberalisation of trade (including further freedom of services within the EU), will all contribute to the growth of services internationally.

Ireland is exceptionally well positioned to benefit from these trends. We have developed expertise and competencies to manage business activities with EMEA (Europe, Middle East and Africa) or global mandates. The combination of skills, a congenial and supportive business environment and low taxes have already attracted many business integration and headquarter functions here, in areas such as sales and marketing, procurement, supply chain management, regulatory and compliance functions, and intellectual property management.

Regional Development

IDA is committed to achieving the best possible regional balance in investments. We have a strong role to play because of the mobilising and energising effect that the reality, or the prospect, of substantial new investments can have in any place. The impact from new inward investment can be seen in many towns over recent years – for example, Pacificare and Pramerica in Letterkenny, MBNA in Carrick on Shannon, Guidant in Clonmel and Kostal in Mallow.

The challenge of good regional spread in investments increases as the higher value parts of business value chains are targeted. Then, the need for a critical mass of qualified talent, supporting infrastructure and sophisticated business services can draw investors towards cities. The competition for such investment is intense and unrelenting from a growing number of locations across the globe.

For most of the investments IDA competes for each year, the competition is from city regions with a population base of over a million people. In Ireland, only Dublin has a population of this size. Other cities and towns are small in global terms. For this reason, every location in Ireland has to think and act regionally, rather than locally, if it wishes to succeed. The National Spatial Strategy sets out the framework for development in this way and needs to be followed by all economic and social actors.

Success will be attained not by any one agency alone but by the combined efforts of many. IDA plays its full role across the country, working with others, by seeking to build on existing regional strengths and adding to them:

- We work closely with the existing base of companies to add to their capabilities and functions, and – with their valued cooperation – use the experience and expertise they have created as a reference to persuade others to do likewise. The success of the medical technologies industry in the West, centred on but not confined to Galway, is a fine example of this.
- The Institutes of Technology and Universities enhance and deepen the skills and talents available and are frequently key to persuading investors to locate near them. There are many notable examples of Institutes, in particular, tailoring courses to the specific needs of companies. We recognise that education is the essential foundation on which a successful economy and a fulfilling society is built, and we commend all involved for their contributions to what has been achieved.
- We seek, with the help of others, to create new magnets of attraction in locations as a reason for further investments to go there. A specific example of this was the announcement in early 2006 of the decision of Georgia Tech Research Institute (GTRI), with the support of IDA, to locate its first research facility outside the US in Athlone. The enthusiasm of companies such as Elan, Ericsson and Intel for this was an important support for the decision.
- We are developing Business and Technology Parks in key locations for the full range of potential investors, including indigenous companies under the aegis of Enterprise Ireland. Private developers provide advance office and technology buildings on these parks, to IDA's specifications, as a facility for early start-up for incoming investors.
- We are developing infrastructure-rich sites for utility-intensive industry in Cork, Dundalk, Galway and Waterford. The concentration of the pharmaceutical industry in Ringaskiddy in Cork shows the merits of such an approach, as does the success of Grange Castle in South County Dublin. We have already obtained advance planning permissions for a major

biopharmaceutical campus in Oranmore, County Galway and for an integrated circuit manufacturing facility in Grange Castle, County Dublin, which offers potential investors certainty and considerable time saving when they decide to locate there.

- In 2005, we spent over €69 million on our business parks, advance facilities and related infrastructure, all aimed at achieving balanced regional economic development.
- The existence of ready property solutions is key to the successful marketing of any location, but it is never sufficient in itself. The cooperation of very many private and public bodies is also critical; local authorities in particular are of profound importance and we in IDA Ireland acknowledge their tireless support. Many investments have been won as a result of their efforts; in this regard, we in IDA Ireland particularly thank Cork County Council for their part in winning the Amgen investment, which was announced in January 2006.

Nationally and regionally, every investment is won by the combined efforts of many people pulling together. We in IDA commit to continuing in this way with our many valued partners.

Differentiating Ireland

Each investment decision that is made in favour of Ireland has been influenced by the quality of the performance and the results of existing investments, either by the company directly involved or, frequently, by its competitors. Thus the outstanding record of the pharmaceutical industry here is a compelling reference for depth and quality of the human and technological skills available. Similarly, the achievements in information technology and software give assurance to companies in this sector on the wisdom of committing to further investment in Ireland.

From a standing start less than twenty years ago, we have shown an ability to grow and run international financial services, including the administration of almost one-third of hedge funds globally. In the past five years we have become a major centre for new Internet-based businesses.

In previous reports we have identified three major ways in which Ireland meets the evolving needs of international companies:

- World class innovation and development
- Superior performance and efficiency
- Cutting-edge business integration and support.

Our success in relation to each of these attributes can be ascribed to fundamental factors such as good skills availability, a supportive ecosystem and infrastructure, and our low taxes on business. These are available also, to one degree or another, in many other locations around the world.

What is different in Ireland is the way in which we tackle issues, solve problems and seek other new and better ways to meet needs. It is evidenced in the speed, agility, flexibility and responsiveness of public agencies and private bodies. It requires ambition, vision, cooperation and partnership among many players. It reflects a mindset and an approach that is innate, and which is likely related to the creativity that has been manifest in the Irish literary and artistic tradition. This is what we will be conveying in our new promotional campaign on *The Irish Mind*.

Challenges and Risks

Continuation of the success that has been achieved in recent years is not inevitable. There are many factors, within our own control and otherwise, which may impact on our ability to sustain rapid growth and high employment levels. A key factor is cost competitiveness, particularly related to property and construction demand, energy costs, local authority charges and services where competition may be limited. Continued flexibility in responding to changes in both local and international economic conditions is also essential.

The pace of economic growth makes further investment in education critical. This needs to build on our strong relative position in producing science, engineering and business graduates, and reverse some movement away from the sciences by students in recent years.

Rapid improvement in physical infrastructure is also a pressing need, especially to support regional development. Good progress is being made in road development, but the delivery of public transport in cities and airport facilities must be quickened to meet some current and future demands. Similarly, long term decisions in relation to the electricity and other energy markets must be addressed.

Global business is in a state of significant flux in the face of differing economic prospects around the globe, new competitive threats and uncertainties, and unrelenting pressures from technology advances. These challenges are faced, both in their global business and in their Irish operations, by each of the companies with which IDA works.

It is to the great credit of many Irish managers and their workforces that they have so readily adjusted to this continuous flux. They have initiated and innovated without waiting for direction. They have thought on their feet, adapted and improved. They have worked together to do things better and faster. Their agility is a reason to be confident about the sustainability of so many investments, and about our future.

We are also confident because we see a strong interest in further investments in Ireland, from both existing companies and some that will be new to us. The pace at which these developments will be brought to fruition is never certain, but we know that Ireland's consistent performance and IDA's polite persistence pay off.

*The staff of IDA achieve outstanding results through their hard work and dedication.
They rise to every challenge and make contributions of which they can each be proud.
The Board wishes to acknowledge and thank every IDA employee for their endeavours.*



INVESTMENT HIGHLIGHTS OF 2005

ANNOUNCED INVESTMENT HIGHLIGHTS OF 2005

REGIONAL

e.g. North-West

SITA - Letterkenny

Expanding its software operation and creating 123 high quality software development jobs.

Toucan - Sligo

The consumer telecoms business of IDT Corporation, creating 300 jobs at a new customer service centre.

Zeus - Letterkenny

Establishing a European Operations Centre for the production and distribution of precision medical tubing products. To create 150 jobs.

HEADQUARTERS & SERVICES

Yahoo! - Dublin

Established its European Operations Headquarters - a complex operation comprising financial shared services, web hosting and customer support. Creating 400 jobs, 75% requiring a third-level qualification.

AXA - Athlone

Set up a Customer Support Centre providing a range of assistance services, including motor breakdown, claims notifications and home assistance. Creating 300 positions.

Google - Dublin

The World's leading Internet search company is expanding its European Headquarters. Adding over 600 jobs.

MANUFACTURING

Alps Electric - Millstreet

€14 million expansion of its automotive components manufacturing facility. Creating 140 jobs in engineering and manufacturing.

Alcon - Cork

A global leader in ophthalmic pharmaceuticals and surgical devices is to add 140 people in a €15.6 million expansion.

Waters - Wexford

The world's largest supplier of high performance liquid chromatography (HPLC) analytical instruments is investing €11.5 million in an expansion which will create 125 additional jobs.

RESEARCH & DEVELOPMENT

Multinational companies in the ICT, Biopharmaceuticals and Services sectors – **Microsoft, Xilinx, Bristol-Myers Squibb, Pfizer, Citigroup** and **Genzyme** are investing a total of over €50 million in new leading edge R&D projects and facilities aimed at developing a range of world-class products, processes and services in Ireland for their international markets and customers.

FINANCIAL SERVICES

Hartford Life - Swords

One of the largest financial services and insurance companies in the US, will employ 130 people to manage life assurance business in the UK.

BISYS - Waterford

New hedge funds services operation to create 250 jobs.

IFS - Drogheda & Naas

Hedge Fund administration operation for Drogheda - 235 jobs. Established an office in Naas, creating 140 positions in financial services.

PFPC - Navan and Wexford

Expanding its Fund Administration Operation in Wexford and established new Fund Administration Operation in Navan. Creating a total of 500 jobs.

Highlights of 2005

Some of the other key highlights of IDA's activities in 2005 include:

- **71 new business projects** were negotiated with new and existing clients, which involve a total investment over the coming years of more than €1 billion.
- **Total employment in IDA supported companies has increased to 132,728.** The number of new jobs created during the year was 12,623. This was offset by job losses of 9,211 giving a net gain of 3,412, the highest gain since the year 2000. Employment numbers are only one indicator of progress and is a less important indicator than in the past given Ireland's current levels of development and employment.
- IDA supported companies spent **€15.5 billion in the Irish economy** in 2005 from their sales of €75 billion (exports of €71 billion) and paid €2.5 billion in corporation tax.
- IDA provides world-class business and technology parks in key towns throughout the country in support of its regional strategy. **IDA spent €69.4m in 2005 on property developments,** almost all outside Dublin and including the development of a number of major sites and business parks, to provide the basis for future growth in regions throughout Ireland.

Ireland - A High Performance, High Value Location	
Quality investments in 2005	Global R&D in 2005
Google	Microsoft
Wyeth Research	Xilinx
Yahoo!	Bristol-Myers Squibb
Alps	Pfizer
BISYS	Citigroup
IFS	Genzyme
AXA	Palm
PFPC	Dell



WORLD CLASS RESEARCH AND DEVELOPMENT

COLLABORATIVE RESEARCH AT THE HIGHEST LEVELS

Ireland has a unique environment that encourages interconnectivity and convergence between all the participants in a collaborative research landscape. Government departments, funding agencies, regulatory authorities, academia and industry are all interconnected creating a dynamic research environment.

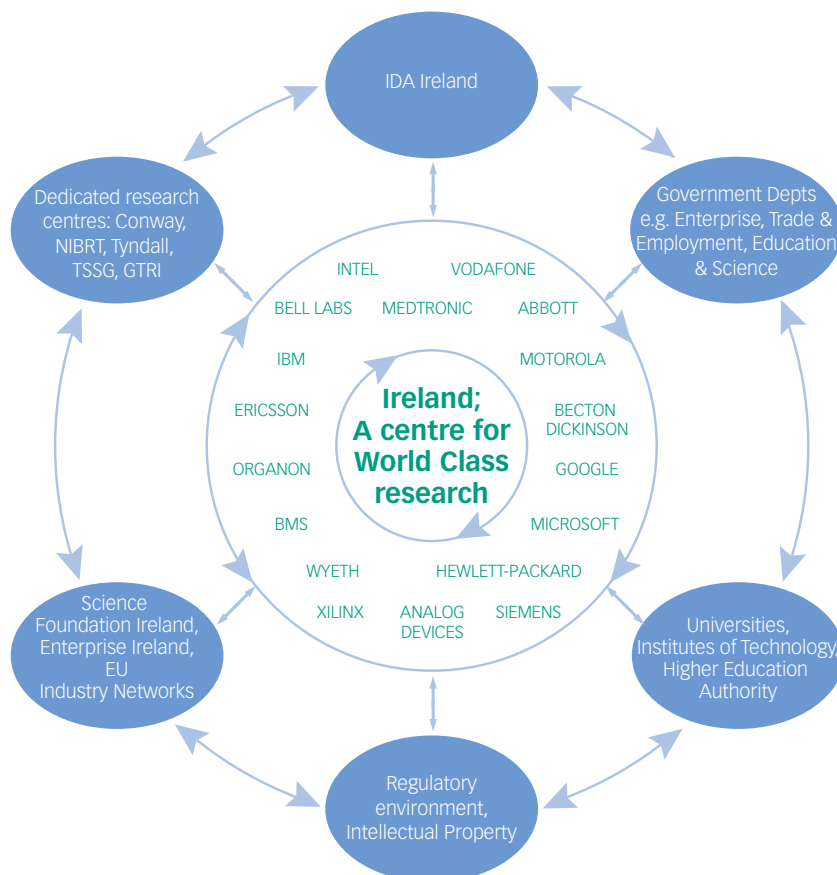
IDA plays an active and progressive role in this complex process spanning the range from primary research through to full commercialisation.

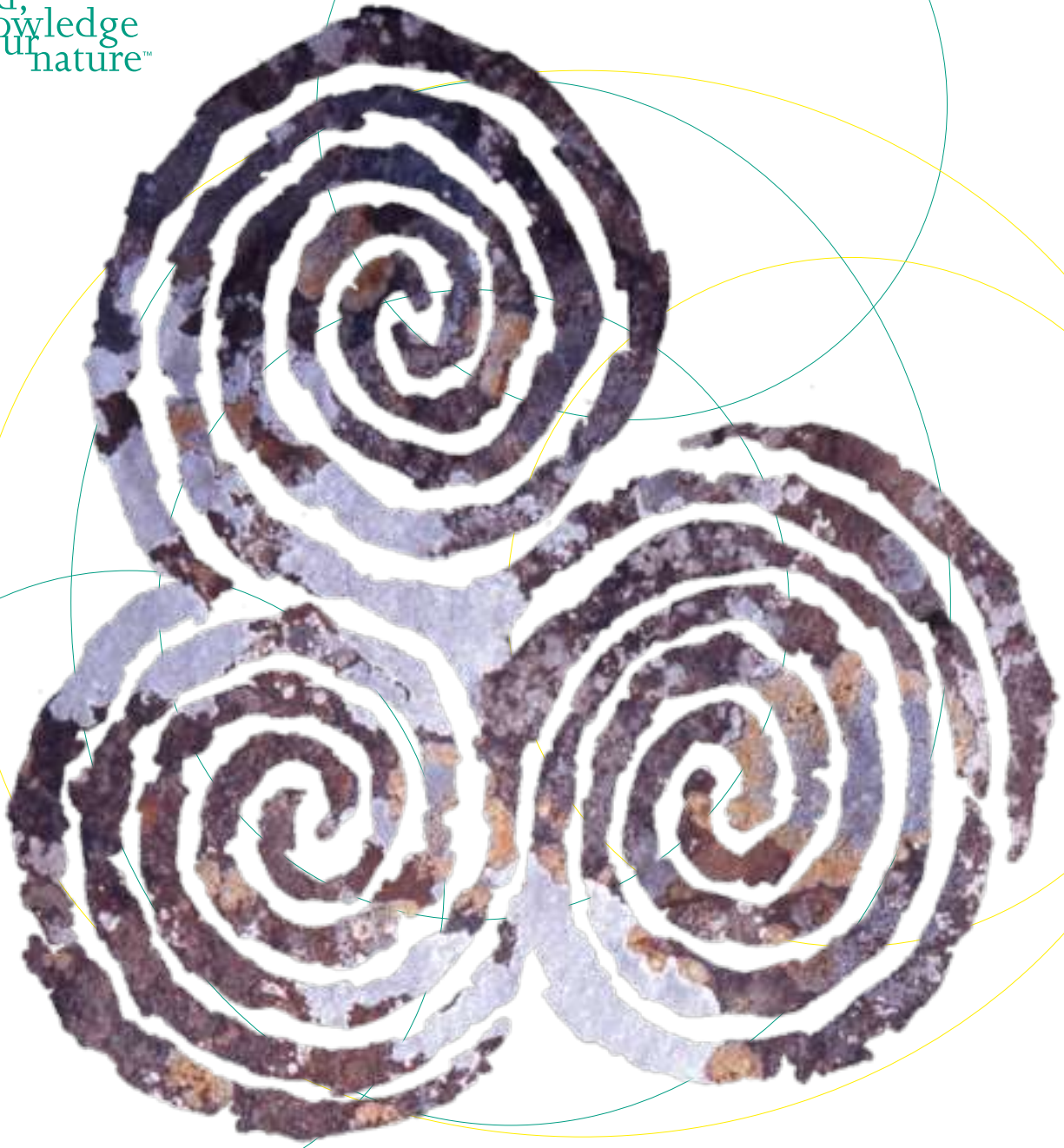
This strategy is based on obtaining and growing the highest level research talent from Ireland and globally in each area of research to create long term, world class research capabilities at the highest levels.

Top level collaborative research being conducted in Ireland includes:

- Molecular Medicine
- Tissue Engineering
- Biomedical Engineering
- Gastrointestinal disorders
- Bioprocessing
- Diagnostics & Sensors
- Nanostructures & Devices
- Telecoms Software
- Pervasive Computing
- Semantic Web
- Software Engineering

This collaborative national research interconnectivity is illustrated in the diagram below:





STATISTICS & GLOBAL RATING 2005

I R E L A N D ' S G L O B A L R A T I N G

INTERNATIONAL RANKINGS PLACE IRELAND IN THE TOP FIVE

According to internationally recognised sources such as the Economist Intelligence Unit, the OECD, the *Wall Street Journal* and the World Competitiveness Report, Ireland has a very strong position in a wide range of global rankings in areas such as quality of life, economic freedom, education and open-mindedness.

Ireland ranks **FIRST** in the 2005 EIU Quality of Life Index

That's according to the Economist Intelligence Unit – Quality of Life Index 2005 which links the results of subjective life-satisfaction surveys to the objective determinants of quality of life across 111 countries.

Ireland is the **SECOND** most globalised country

According to A T Kearney Globalisation Index 2005, which ranks political, economic, personal and technological globalisation in 62 countries.

Ireland ranks **SECOND** for its image abroad encouraging business development

From the 2006 IMD World Competitiveness Report which measures the competitiveness of 60 economies under 314 competitiveness criteria grouped into four main factors: – Economic Performance, Government Efficiency, Business Efficiency and Infrastructure.

Ireland is rated **SECOND** in the number of science graduates per 100,000 25-34 year olds in employment

According to the OECD – EDUCATION AT A GLANCE 2005 edition. The OECD's annual compendium of comparative statistics provides the basis for policy debate and decisions in the world's most developed countries.

Ireland is the **THIRD** freest economy in the world

The Heritage Foundation & the Wall Street Journal – The 2006 Index of Economic Freedom measures 161 countries against a list of 50 independent variables divided into 10 broad factors of economic freedom.

Ireland ranks **THIRD** in national culture being open to foreign ideas

IMD World Competitiveness Report 2006

Ireland ranks **FOURTH** for the Educational system meeting the needs of a competitive economy

IMD World Competitiveness Report 2006

Ireland ranks **FOURTH** for GDP per capita based on purchasing power parities (PPP)

OECD 2006

Ireland ranks **FIFTH** for university education meeting the needs of a competitive economy

IMD World Competitiveness Report 2006

STATISTICS

This section gives comprehensive data in relation to IDA activity and also updates historic data to enable year on year comparisons. It details the impact of IDA supported companies on the economy, the cost per job created and sustained and also provides the updated employment data for comparison with previous years, by sector and region.

IDA Ireland Indicators

Indicator	2005 Value
No. of Greenfield Projects	41
No. of Expansion Projects	30
Capital Investment in Approved Projects	€760m
Average Salary in New Investments	€37,000
Annual Corporate Tax Payments of IDA Client Companies	€2.5bn (est)
Employment Creation (New Jobs)	12,623
No. of Approved R&D Capability and Research, Technology Development and Innovation Projects by IDA Client Companies	50
Investment by IDA Client companies in R&D	€275m
IDA supported / initiated Industry-Academia R&D Collaborations	4
No. of IDA Client Companies investing more than €250,000 per annum on R&D	231
No. of IDA Client Companies with significant corporate R&D mandate	161
No. of IDA Client Companies with mandate to supply product and services to Europe, Middle East and Africa (EMEA) markets	149

Economic Impact of IDA Supported Companies

	€ billion 2002	€ billion 2003	€ billion 2004	% Change 2003-2004
Sales	71.45	72.47	74.98	3.5%
Exports	67.29	68.57	71.29	4.0%
Direct Expenditure in the Economy of which	15.33	16.03	15.53	- 3.1%
Payroll Costs	5.17	5.27	5.55	5.3%
Irish Materials	5.02	4.47	3.89	-13.0%
Irish Services	5.14	6.29	6.09	- 3.2%
Direct Expenditure as % of Sales	21.5%	22.1%	20.7%	-

Source: Based on the Annual Business Survey of Economic Impact, co-ordinated by Forfás and administered by the Survey Unit of the Economic and Social Research Institute (ESRI).

Note 1: The Survey is based on manufacturing and internationally traded services companies with 10 or more employees (excluding regulated financial services companies).

Note 2: Results are based on companies responding to the Survey in 2005 (grossed-up to reflect non-respondents). Results can vary from previous estimates due to revisions made by companies and differences in the profile of respondents from one Survey period to the next.

New Jobs by Sector in IDA Supported Companies

Sector	2001	2002	2003	2004	2005
Pharmaceuticals & Healthcare	1,495	1,522	1,438	1,434	1,162
Information & Communication Technologies (ICT)	3,032	2,606	2,499	2,940	3,544
Engineering	995	588	557	485	429
Miscellaneous Industry	757	720	318	204	462
International & Financial Services	6,510	5,490	4,524	6,677	7,026
Total	12,789	10,926	9,336	11,740	12,623

Source: Forfás Annual Employment Survey 2005

Note 1: New jobs are all new first time jobs and jobs filled in companies recovering their employment levels from cutbacks in previous years.

Note 2: Sectors are defined by NACE code, which is the standard statistical classification of economic activities in the EU.

Cost per Job Sustained

Constant 2005 Prices

	1990- 1996	1991- 1997	1992- 1998	1993- 1999	1994- 2000	1995- 2001	1996- 2002	1997- 2003	1998- 2004	1999- 2005
IDA Ireland (€)	19,941	19,441	18,576	16,366	15,232	15,169	17,236	16,942	15,040	13,229

Source: Forfás Annual Employment Survey 2005

Note: The cost per job sustained is calculated by taking into account all IDA Ireland expenditure to all firms in the period of calculation. Only jobs created during and sustained to the end of each seven year period are credited in the calculations.

Origin of IDA Supported Companies

Origin	No. of Companies	Total Employment
US	473	93,331
Germany	135	10,986
UK	117	7,239
Rest of Europe	210	16,364
Asia Pacific	46	3,278
Rest of the World	29	1,530
Total	1,010	132,728

Total Employment by Region in IDA Supported Companies

Area / Region	2001	2002	2003	2004	2005	% change 2004-2005
BORDER						
North-West / Donegal	5,605	5,861	5,916	5,998	5,709	-4.8%
North-East	4,346	4,286	3,717	3,628	3,474	-4.2%
WEST & MID-WEST						
West	13,085	11,885	11,977	11,963	12,951	+8.3%
Mid-West	13,863	12,003	11,167	11,029	11,400	+3.4%
MIDLANDS & EAST						
Midlands	5,792	5,639	4,976	4,903	5,413	+10.4%
East	62,984	62,052	60,553	61,247	62,651	+2.3%
SOUTH						
South-West	20,337	19,589	19,358	19,785	20,130	+1.7%
South-East	10,343	10,893	10,900	10,763	11,000	+2.2%
Total - IDA IRELAND	136,355	132,208	128,564	129,316	132,728	+2.6%

Source: Forfás Annual Employment Survey 2005

Employment in IDA Supported Companies

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
New Jobs Filled	13,184	14,676	15,955	17,643	23,071	12,789	10,926	9,336	11,740	12,623
Number of Companies	1,032	1,093	1,154	1,259	1,247	1,143	1,103	1,066	1,027	1,010
Full-time Employment	99,430	109,118	117,779	126,320	141,367	136,355	132,208	128,564	129,316	132,728
Net Change in Full-time Employment	7,204	9,688	8,661	8,541	15,047	- 5,012	- 4,147	- 3,644	752	3,412
% Net Change	+7.8%	+9.7%	+7.9%	+7.3%	+11.9%	- 3.5%	- 3.0%	- 2.8%	+ 0.6%	+2.6%
Job Losses	-5,980	-4,988	-7,294	-9,102	-8,024	-17,801	-15,073	-12,980	-10,988	-9,211
Job Losses as % Total Jobs	-6.0%	-4.6%	-6.2%	- 7.2%	-5.7%	- 13.1%	-11.4%	- 10.1%	- 8.5%	-6.9%
Other Employment	9,445	13,532	15,174	15,592	14,640	11,958	11,986	14,342	17,194	16,845

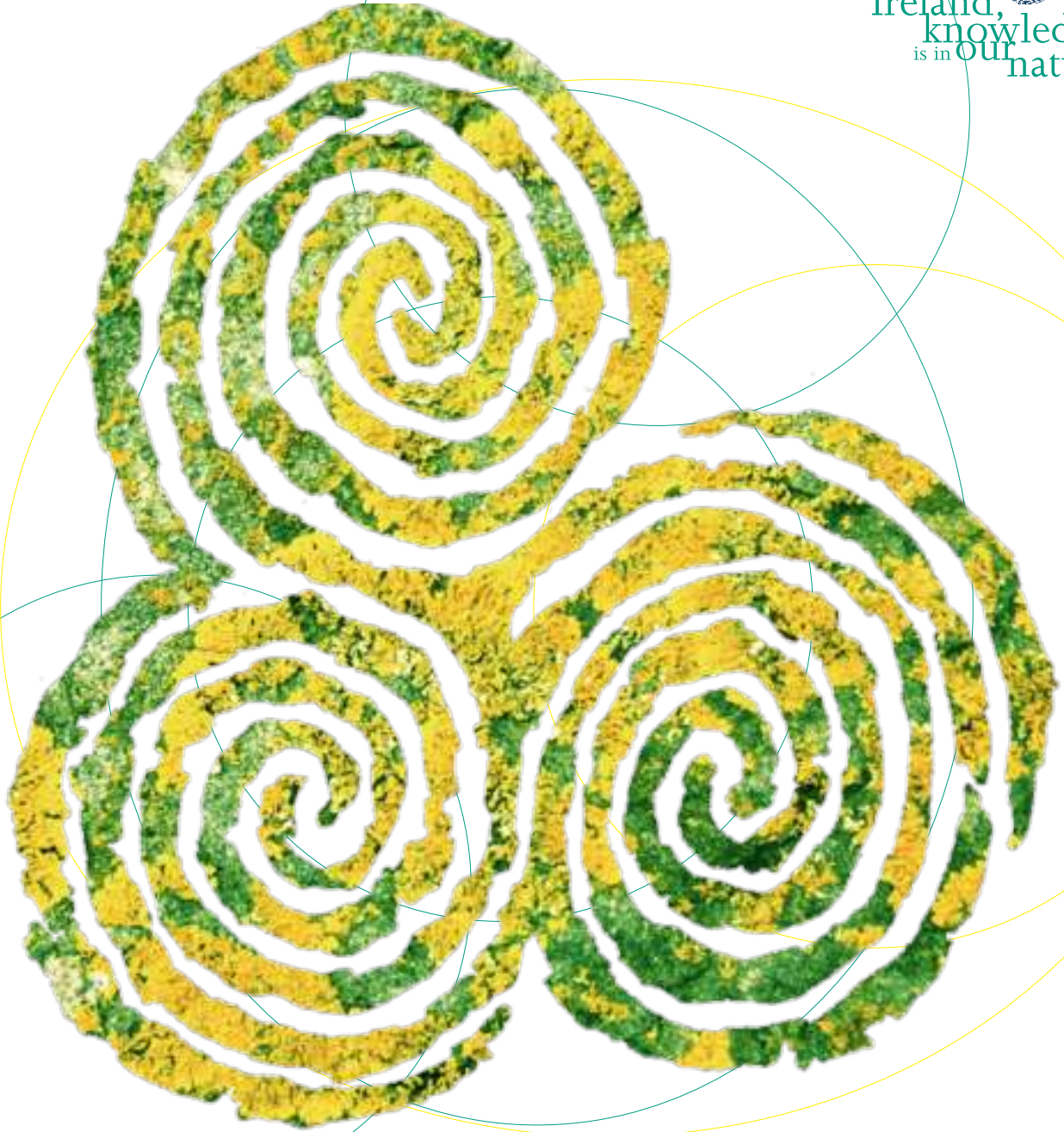
Source: Forfás Annual Employment Survey 2005

Total Employment by Sector in IDA Supported Companies

Sector	2001	2002	2003	2004	2005	% Change 2004-2005
Pharmaceuticals & Healthcare	18,605	19,016	19,326	19,986	20,138	+0.8%
Information & Communication Technologies (ICT)	46,056	43,243	40,995	41,756	43,513	+4.2%
Engineering	17,558	16,481	15,284	13,916	13,519	-2.9%
Miscellaneous Industry	10,449	10,004	9,239	8,242	8,162	-1.0%
International & Financial Services	43,687	43,464	43,720	45,416	47,396	+4.4%
Total	136,355	132,208	128,564	129,316	132,728	+2.6%

Source: Forfás Annual Employment Survey 2005

Note: Sectors are defined by NACE code, which is the standard statistical classification of economic activities in the EU.



IDA IRELAND 2006

Board 2006

Committees of the Board 2006

Corporate Governance

Organisation Structure

IDA Offices

B O A R D 2 0 0 6

The Board operates to best practice corporate governance principles and in line with the guidelines set out in the 'Code of Practice for the Governance of State Bodies' as issued by the Department of Finance, both in its own activities and in its use of committees.

It is responsible for setting the broad policies of the organisation and for overseeing its operations. It performs these functions directly and through the operation of focused Board Committees. Responsibility for the implementation of policy rests with executive management.

The Board has statutory authority to approve grant aid up to the levels set out in the Industrial Development Acts and to recommend on grant aid above these specified levels to Government.

In accordance with the Ethics in Public Office Act, 1995 and 2001, IDA Ireland Board Members furnish a Statement of Interest to the Standards in Public Office Commission and to the Secretary.

In accordance with the 'Code of Practice for the Governance of State Bodies' IDA fully complies with Government policy on the pay of Chief Executives and State Body employees and with Government guidelines on the payment of fees to Board Members.

John Dunne

Chairman, IDA Ireland
Board Member, The Financial Regulator
Board Member, Central Bank & Financial Services Authority of Ireland

Loretta Brennan Glucksman

Chairman, American Ireland Fund

Bernard Collins

Chairman, VHI Healthcare
Director of a number of medical device companies
Former VP of International Operations and
Director of International Board, Boston Scientific Corp.

Kieran Corrigan

Managing Partner,
Kieran Corrigan & Co., Chartered Accountants
Managing Director, Merlin Films Int. Ltd

Sean Dorgan

Chief Executive, IDA Ireland
Board Member, Forfás
Chairperson of the Governing Body of the
Dublin Institute of Technology (DIT)

Bríd Horan

General Manager, Pensions, ESB
Commissioner, National Pensions Reserve Fund

Thomas Lynch

Chairman, Amarin Corporation plc
Director, ICON plc

Paul Mackay

Chartered Accountant and Insolvency Practitioner

Gerard O'Mahoney

Partner, Deloitte & Touche

Nial Ring

Director, Fairlee Properties Ltd

Brian Whitney

Assistant Secretary, Department of Enterprise,
Trade and Employment

Martin Burbridge

Secretary

Gary Kennedy retired at the end of 2005, in line with the normal process of rotational retirement.

COMMITTEES OF THE BOARD 2006

Audit & Finance Committee:

Assists and supports the Board in discharging its legal and accounting responsibilities; communicates with external auditors and evaluates and controls the internal audit function; reviews financial planning and monitors budgeting and banking arrangements.

Members:

Kieran Corrigan (Chair)
Loretta Brennan Glucksman
John Dunne
Gerard O'Mahoney
Brian Whitney

Management Development & Remuneration Committee:

Responsible for reviewing performance of the management team and planning for management development and succession. The Committee also reviews remuneration of senior management in the context of government guidelines.

Members:

John Dunne (Chair)
Bernard Collins
Sean Dorgan
Bríd Horan
Thomas Lynch
Paul Mackay

Investment Committee:

Reviews proposals for grant assistance on a delegated basis from the Board to approve grants up to a maximum of €1.5 million.

Members:

Nial Ring (Chair)
Kieran Corrigan
Sean Dorgan
Brian Whitney

Property Committee:

Reviews policy with regard to the financing, provision, maintenance and disposal of property, approves procedures with regard to tendering and awarding of contracts and approves expenditure/sales of up to €5 million.

Members:

Bríd Horan (Chair)
Bernard Collins
Sean Dorgan
Thomas Lynch
Paul Mackay

IDA Ireland is an autonomous statutory agency set up under the Industrial Development Acts 1986–2003. The Agency operates in accordance with the provisions of the Acts and under the aegis of the Minister for Enterprise, Trade and Employment, who is empowered to provide funds to discharge its obligations and issue general policy directives/seek information on the Agency’s activities.

While the primary source of corporate governance for IDA Ireland is the Industrial Development Acts, the Agency is also required to comply with a range of other statutory (National & EU) and administrative requirements. IDA Ireland affirms that it met its obligations in regard to all of these requirements. In particular it has the following procedures in place to ensure compliance with specific requirements:

1. General Administrative & Policy Requirements

At national level, IDA Ireland works closely with officials of the Department of Enterprise, Trade & Employment and officials of other government departments & state agencies, in advancing its objectives and ensuring compliance with statutory, administrative and ministerial/government requirements. At local level, the Agency works closely with local authorities, educational establishments, other state agencies and a wide range of local organisations/public representatives to develop the local environment necessary for attracting new investment.

IDA Ireland is implementing a policy directive issued by the Minister for Enterprise, Trade and Employment on 15 October 2003 which reads as follows:

In March 2002 the European Commission adopted a Multi-Sectoral Framework on regional aid for large investment projects. The Commission also decided to propose a number of measures under Article 88(1) of the Treaty as set out in the Framework. In order to

comply with the outstanding requirements the current Administrative Rules relating to industrial development regional aid schemes for the period 2000 to 2006 are hereby amended.

In accordance with the powers conferred on the Minister for Enterprise, Trade and Employment by Section 13 of the Industrial Development Act, 1986, I hereby direct by way of general policy and subject to compliance with the Act that IDA’s support to initial investment projects and job creation projects linked to investment be delivered in accordance with these rules in the period 2000 to 2006.

2. Code of Practice for the Governance of State Bodies

IDA Ireland fully complies with this Code of Practice and in particular affirms its compliance with the following sections.

Section 9. 2 & 10.2: Complied with by the Chairman of the Board in a separate letter furnished to the Minister for Enterprise, Trade & Employment.

Section 10.1 & 10.2 (iii): an effective system of internal financial control is maintained and operated by the Agency (Statement of Internal Financial Control, page 31).

Section 10.2 (v): Government policy on the pay of Chief Executives and state body employees is being complied with (Notes to the Financial Statements, No.9 page 39, and Board 2006, page 22).

Section 10.2 (vi): Government guidelines on the payment of Directors’ fees are being complied with (Notes to the Financial Statements, No.9 page 39, and Board 2006, page 22).

Section 11: The Board of IDA has established processes to ensure sound corporate planning, etc., as required by this section (Statement of Internal Financial Control, page 31, and Board 2006, page 22).

Section 12.1 & 2: The Chairman of the Board, in the separate letter furnished to the Minister for Enterprise, Trade and Employment, confirms that IDA has complied with its obligations under tax law.

The schemes and programmes administered by IDA are in accordance with the legislation governing the operation of the Agency and appropriate risk management systems are in place.

3. Revenue Commissioners Statement of Practice SP - IT/1/04 on Tax Treatment of Remuneration of Members of State and State Sponsored Committees and Boards

IDA Ireland fully complies with this Statement of Practice.

4. Guidelines for the Appraisal and Management of Capital Expenditure Proposals

IDA has well established robust procedures in place for the Appraisal and Management of Capital Expenditure projects arising under the capital grants or Property programmes. These procedures comply with the principles set out in the Guidelines for the Appraisal and Management of Capital Expenditure Proposals.

5. Employment Equality Acts, 1998 and 2004

Equality is an established priority for IDA. The organisation has a progressive equality and diversity agenda and new initiatives are developed on an ongoing basis.

IDA Ireland values diversity and strives to be an equal opportunities employer where individual contribution is encouraged and differences are valued. To this end we are committed to ensuring that no staff member of IDA, or applicant for employment with IDA, receives less favourable treatment than any other on grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race, membership of the traveller community or any other grounds not relevant to good employment practice. This applies to recruitment, working conditions and development opportunities.

IDA is committed to maintaining and developing a balanced work/life environment for all staff.

6. Safety, Health and Welfare Act, 2005

In accordance with this Act IDA Ireland continues to implement appropriate measures to protect the safety, health and welfare of all employees and visitors within its offices. This extends to the recent Public Health (Tobacco) Acts 2002 and 2004.

7. Worker Participation (State Enterprise) Act, 1988

Sub Board consultative structures are operating effectively in IDA Ireland and are a recognised feature of the organisation's communications and consultative structure. The Joint Consultative Committee is welcomed as a positive process by both management and staff. Additionally, a further partnership arrangement has been established with the Trade Union to progress actions under Sustaining Progress.

8. Ethics in Public Office Act, 1995 and Standards in Public Office Act, 2001

In accordance with the above Acts all IDA Ireland Board members and staff holding designated positions have completed statements of interest in compliance with the provisions of the Acts.

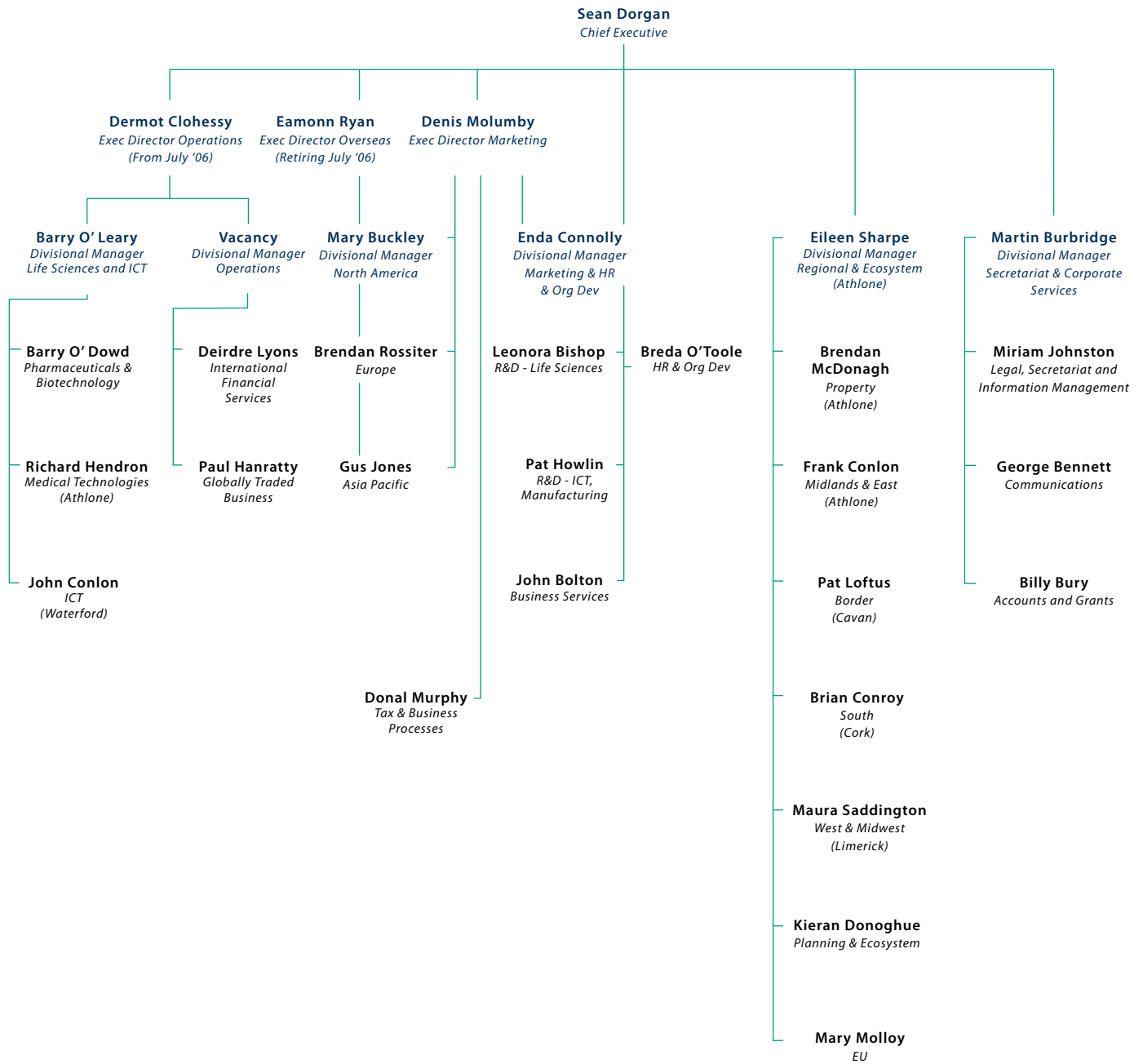
9. Freedom of Information Acts, 1997 and 2003

IDA Ireland complies with these Acts. Requests for information under these Acts should be addressed to the Freedom of Information Executive, IDA Ireland, Wilton Park House, Wilton Place, Dublin 2.

10. Energy Efficiency

In compliance with the Government memorandum of June 2001 IDA Ireland, in the design, planning and construction of office and manufacturing buildings on its Business and Technology Parks, applies 'best practice' principles in all cases. IDA's offices in the regions also conform to 'best practice' principles. The offices in Dublin are managed by Forfás.

ORGANISATION STRUCTURE



IDA OFFICES

HEAD OFFICE

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REGIONAL OFFICES

Ireland Border

Border

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Cavan
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Fax: (049) 433 2047

Donegal

Portland House
Port Road
Letterkenny
Co. Donegal
Tel: (074) 9169 810
Fax: (074) 9169 801

North West

Finisklin Business Park
Sligo
Tel: (071) 9159 710
Fax: (071) 9159 711

North East

Finnabair Business Park
Dundalk
Co. Louth
Tel: (042) 935 4410
Fax: (042) 935 4411

Ireland West & Mid-West

West

Mervue Business Park
Galway
Tel: (091) 735 910
Fax: (091) 735 911

Mid-West

1st Floor
Chandler House
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Limerick
Tel: (061) 468020
Fax: (061) 468030

Ireland South

South-West

Industry House
Rossa Avenue
Bishopstown
Cork
Tel: (021) 480 0210
Fax: (021) 480 0202

South-East

Waterford Business &
Technology Park
Cork Road
Waterford
Tel: (051) 333055
Fax: (051) 333054

Ireland Midlands & East

Midlands

Athlone Business &
Technology Park
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East

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IDA IRELAND - OVERSEAS OFFICES

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Fax: (650) 967 9904

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2-10-7 Kojimachi
Chiyoda-Ku
Tokyo 102-0083
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Fax: (3) 3261 4239

Korea

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Daehan Fire and Marine
Insurance Building
15th Floor
51-1 Namchang Dong
Chung-Ku
Seoul 100-778
Tel: (2) 755 4767/8
Fax: (2) 757 3969

Taiwan

ITI Ireland
Room 7B-09
Floor 7
Taipei World Trade
Centre
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Taipei
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Fax: (2) 2725 1653

To contact IDA Ireland staff by email: firstname.surname@ida.ie General queries: idaireland@ida.ie



F I N A N C I A L S T A T E M E N T S

Report of the Comptroller and Auditor General
Statement of Board Members' Responsibilities
Statement on the System of Internal Financial Control
Accounting Policies

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACTHAS

I have audited the financial statements of the Industrial Development Agency for the year ended 31 December 2005 under the Industrial Development Act, 1993.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Operating Account, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Board of the Agency and the Comptroller and Auditor General

The Agency is responsible for preparing the financial statements in accordance with the Industrial Development Act, 1993, and for ensuring the regularity of transactions. The Agency prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Agency are set out in the Statement of Board's Responsibilities.

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

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Agency's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Agency's affairs at 31 December 2005 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Industrial Development Agency. The financial statements are in agreement with the books of account.



John Purcell
Comptroller and Auditor General
8 May 2006

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Industrial Development Agency Ireland (IDA) was established on 1 January 1994 as an agency of Forfás (the policy and advisory board for industrial development in Ireland) under the provisions of the Industrial Development Act, 1993.

Paragraph 7(2) of the First Schedule to the Industrial Development Act, 1993 requires the Agency to keep, in such form as may be approved of by the Minister for Enterprise, Trade and Employment with the consent of the Minister for Finance, all proper and usual accounts of money received and expended by it. In preparing those accounts, the Board is required to:

- *select suitable accounting policies and apply them consistently*
- *make judgements and estimates that are reasonable and prudent*
- *prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Agency will continue in operation*
- *disclose and explain any material departures from applicable accounting standards.*

The Board is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Agency and which enable it to ensure that the Financial Statements comply with Paragraph 7(2) of the First Schedule to the Industrial Development Act, 1993. The Board is also responsible for safeguarding all the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

John Dunne

Chairman

Sean Dorgan

Chief Executive

Kieran Corrigan

Chairman, Audit and Finance Committee

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

On behalf of the Board of IDA I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Agency. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The Board has taken steps to ensure an appropriate control environment is in place by:

- establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation;
- clearly defining and documenting management responsibilities and powers;
- developing a strong culture of accountability across all levels of the organisation.

The Board has also established processes to identify and evaluate business risks. This is achieved in a number of ways including:

- *working closely with Government and various agencies and institutions to ensure that there is a clear understanding of IDA's goals and support for the Agency's strategies to achieve those goals;*
- *carrying out regular reviews of strategic plans both short and long term and evaluating the risks to bringing those plans to fruition;*
- *setting annual and longer term targets for each area of our business followed by regular reporting on the results achieved;*
- *carrying out regular reviews of developments and strategies in our business sectors;*
- *establishing and enforcing extensive standard procedures and provisions under which financial assistance may be made available to projects, including provisions requiring repayment if the project does not fulfil commitments made by the promoter.*

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- *a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;*
- *regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;*
- *setting targets to measure financial and other performances;*
- *clearly defined capital investment control guidelines;*
- *formal project management disciplines.*

The IDA has an internal audit department which reports directly to the Audit & Finance Committee of the Board. This committee meets on at least a quarterly basis to review reports prepared by Internal Audit and other departments. The Audit & Finance Committee in turn keeps the Board informed of the matters that it has considered.

The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. A rolling three-year Internal Audit work plan is determined by the Audit & Finance Committee and revised annually where required. The current work plan takes account of areas of potential risk identified in a risk assessment exercise carried out by management and reviewed by the Audit & Finance Committee and the Board. The Internal Auditor provides the Committee with quarterly reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

I confirm that, in respect of the year ended 31 December 2005, the Board conducted a review of the system of internal financial control. The Board's monitoring and review of the effectiveness of the system of internal financial control are informed by the work of the Internal Auditor, the Audit & Finance Committee, which oversees the work of the Internal Auditor, and the executive managers within IDA Ireland who have responsibility for the development and maintenance of the financial control framework.

Signed on behalf of the Board

John Dunne
Chairman

12 April 2006

ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared in accordance with the historical cost convention in the form approved by the Minister for Enterprise, Trade and Employment with the consent of the Minister for Finance and are denominated in euro.

The Financial Statements are prepared on an accrual basis, except where stated below. The financial year is 1 January to 31 December. Financial Reporting Standards recommended by recognised accountancy bodies are adopted as they become applicable.

Tangible Fixed Assets comprise:

- (a) Land which is held for the purposes of industrial development.
- (b) Site development works.
- (c) Industrial buildings leased to tenants including buildings in the course of sale where title had not passed at the year end.
- (d) Vacant property available for industrial promotion or in the course of sale where title had not passed at the year end.
- (e) Other Fixed Assets including motor vehicles, computer and office equipment and fixtures and fittings.

Telecommunication Assets:

Telecommunication Assets constitute an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000.

Investments consist entirely of equity investments.

Accounts Receivable comprise amounts due in respect of:

- (a) Properties sold on a deferred basis. Interest is charged on these amounts at the Exchequer Lending Rates advised by the Department of Finance or the EU Discount Reference Rate as applicable.
- (b) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants.
- (c) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not passed to the Agency at 31 December, and the provision of other services.
- (d) Amounts due in respect of the disposal or leasing of telecommunication assets.
- (e) Amounts due in respect of joint arrangements.
- (f) Amounts due in respect of loans advanced to companies.

Accounts Payable comprise amounts payable in respect of:

- (a) Creditors.
- (b) Grants that have matured for payment.
- (c) Deposits received in respect of disposals of property in progress.

By way of memorandum Income and Expenditure in respect of Industrial Property transactions are set out in note 22 to the Financial Statements.

Income recognition

Income from Oireachtas grants, grant refunds, the National Training Fund, the European Social Fund, the European Regional Development Fund and investments, represent actual cash received.

Industrial Property

Industrial Property included in tangible fixed assets has been acquired, developed or constructed for the purposes of assisting in the promotion and development of industry and is not considered to be investment property but normal fixed assets.

Carrying Amounts, Depreciation and Provisions for Impairment

- (a) The carrying amounts for tangible fixed assets, other than land, and for telecommunication assets comprise: Historic cost less accumulated depreciation and less a provision for impairment of the assets, where applicable, to endeavour to ensure that the value of the assets carried in the Financial Statements does not exceed their estimated recoverable amounts.
- (b) The carrying amounts for Land and Investments comprise: Historic cost less a provision for impairment of the assets, where applicable, to endeavour to ensure that the value of the assets carried in the Financial Statements does not exceed their estimated recoverable amounts.
- (c) Depreciation is calculated in order to write off the cost of assets less, where applicable, any impairment provision over their estimated remaining useful lives. No provision for depreciation is made in respect of land or investments.
- (d) Provisions for impairment may be made following reviews of fixed assets, telecommunication assets and investments carried out by officers of IDA or independent valuers, as appropriate, if events or changes in circumstances or economic conditions indicate that the carrying amount of the assets or investments may not be fully recoverable. Any such provisions will be recognised in the Operating Account in the year in which they are made.

Where a subsequent review indicates that the circumstances which gave rise to a provision for impairment no longer exist or have changed materially the accumulated provision for impairment will be reduced accordingly.

- (e) The cost of land, site development and industrial property includes an apportionment of administration costs associated with the acquisition or development of the assets.

Deferred Income

EU grants received in respect of the purchase or development of fixed assets are treated as a deferred credit and are amortised to the operating account annually over the useful economic life of the assets to which they relate.

Accounting for Bad and Doubtful Debts

Known bad debts are written off and specific provision is made for any amount the collection of which is considered doubtful.

Accounting for Investments

The IDA Financial Statements do not reflect a consolidation of the results of the investee companies because IDA activities are so different from those of the investee companies that such consolidation would be incompatible with the obligation to give a true and fair view.

Grants Payable

Grants are accrued in the Financial Statements when the grantee complies with stipulated conditions.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Balance Sheet date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the Operating Account.

Operating Leases

The rentals under operating leases are dealt with in the Financial Statements as they fall due.

Capital

Capital represents funds utilised for the acquisition of industrial property, other fixed assets, telecommunication assets and investments taking account of disposals, depreciation charges and, where applicable, provisions for impairment in the carrying amounts.

Superannuation

All IDA staff are employees of Forfás and are seconded to the Agency by Forfás. Legislation requires Forfás to prepare and administer pension schemes for the granting of pension entitlements to its staff including staff seconded to IDA. Forfás is also responsible for pension reporting requirements, including those set out under FRS 17. Voluntary early retirement costs paid directly by IDA and all pension contributions deducted from staff are accounted for in the Operating Account in the period in which they arise.

OPERATING ACCOUNT

For Year Ended 31 December 2005

	Notes	2005 €'000	2004 €'000
Income			
Oireachtas Grants	1	126,573	83,216
National Training Fund	2	900	2,138
EU - INTERREG 111A Programme	3	1,264	-
EU & Exchequer Co-Funded Research Technology and Innovation (RTI) for Industry Programme	4	4,310	2,966
Grant Refunds		11,350	21,910
Rental Income		2,947	2,644
Less Rental Income Received from Enterprise Ireland Client Companies	5 (a)	(165)	(446)
Other Income	6	1,247	1,725
Profit on Disposal of Assets	7	46,023	30,901
		194,449	145,054
Expenditure			
Grants Payable	8	87,259	65,545
Promotion, Administration and General Expenses	9 (a)	36,179	36,387
Industrial Building Charges	10	9,428	7,379
Depreciation Charges and Provisions	11	16,950	14,181
		149,816	123,492
Net Operating Surplus for Year			
Contribution to the Exchequer	12	(2,426)	(9,495)
Balance at 1 January		44,652	37,738
Transfer to Capital	13	(50,869)	(5,153)
Balance at end of Year		35,990	44,652

Amounts shown under Income and Expenditure are in respect of continuing activities.

There are no recognised gains or losses, other than those dealt with in the Operating Account.

The Accounting Policies, Cash Flow Statement and Notes 1 to 25 form part of these Financial Statements.

On behalf of the Board:

John Dunne
Chairman

Sean Dorgan
Chief Executive

Kieran Corrigan
Chairman
Audit and Finance Committee

BALANCE SHEET

As at 31 December 2005

	Notes	2005 €'000	2004 €'000
Tangible Fixed Assets			
Industrial Property	14	252,883	200,915
Other Fixed Assets	15	877	1,283
		253,760	202,198
Intangible Assets and Investments			
Telecommunication Assets	16	1,384	2,075
Investments	17	-	2
		255,144	204,275
Current Assets			
Accounts Receivable	18	40,201	45,147
Cash at Bank and on hand		13,672	17,598
		53,873	62,745
Current Liabilities			
Accounts Payable	19	16,936	19,765
		36,937	42,980
Long Term Receivables			
Accounts Receivable: amounts falling due after more than one year	18	1,789	1,672
Deferred Income			
EU INTERREG 111A Programme	3	2,736	-
		291,134	248,927
Representing:			
Capital	13	255,144	204,275
Operating Account		35,990	44,652
		291,134	248,927

The Accounting Policies, Cash Flow Statement and Notes 1 to 25 form part of these Financial Statements.

On behalf of the Board:

John Dunne
Chairman

Sean Dorgan
Chief Executive

Kieran Corrigan
Chairman
Audit and Finance Committee

CASH FLOW STATEMENT

For Year Ended 31 December 2005

	Notes	2005 €'000	2004 €'000
Reconciliation of Net Operating Surplus to Net Cash Inflow from Operating Activities			
Net Operating Surplus for Year		44,633	21,562
Depreciation Charges:			
Industrial Property	11	15,376	12,342
Other Fixed Assets & Telecommunication Assets	11	1,572	1,835
EU-INTERREG Grant Amortised	3	(1,264)	-
Expenditure Capitalised	9 (a)	(865)	(553)
Provisions for Impairment:			
Investments	11	2	4
Profit on Disposal of Assets	7	(46,023)	(30,901)
Bank Interest and Dividends Received	6	(357)	(776)
EU-INTERREG Grant Received		4,000	-
Decrease/(Increase) in Accounts Receivable amounts falling due within one year		4,946	(29,199)
(Decrease)/Increase in Accounts Payable		(2,829)	9,359
(Increase)/Decrease in Accounts Receivable amounts falling due after more than one year		(117)	(1,121)
Net Cash Inflow/(Outflow) from Operating Activities		19,074	(17,448)
CASH FLOW STATEMENT			
Net Cash Inflow/(Outflow) from Operating Activities		19,074	(17,448)
Contribution to the Exchequer	12	(2,426)	(9,495)
Returns on Investment and Servicing of Finance	23 (a)	357	776
Capital Expenditure and Financial Investment			
Acquisitions	23 (b)	(74,535)	(28,751)
Disposals	23 (c)	53,604	40,871
Management of Liquid Resources			
Decrease/(Increase) in Short Term Deposits	23 (d)	7,000	(11,000)
Increase/(Decrease) in cash for the period		3,074	(25,047)
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash for the period		3,074	(25,047)
(Decrease)/Increase in liquid resources	23 (d)	(7,000)	11,000
Movement in net funds in the period		(3,926)	(14,047)
Net funds at 1 January	23 (d)	17,598	31,645
Net funds at 31 December		13,672	17,598

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

1 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2005 was €1,457m.

The Oireachtas Grants as shown in the Financial Statements consist of:

	2005	2004
	€'000	€'000
Grant for Promotion and Administration Expenditure	36,479	34,164
Grant for Industry	71,991	45,950
Grant for Industrial Property	18,103	3,102
	126,573	83,216

The Oireachtas Grant for Industry may be supported by funding from the European Regional Development Fund under The Operational Programme for Industry. The Department of Enterprise, Trade and Employment has confirmed that no ERDF funding was applied in support of the IDA Oireachtas Grant in 2005 (2004 nil).

2 National Training Fund

Training grants paid with a total value of €0.9m (€2.138m in 2004) were met with funds received through the Department of Enterprise, Trade and Employment from the National Training Fund.

3 European Union INTERREG 111A Programme

The purpose of the programme is to support cross-border co-operation, social cohesion and economic development between regions of the EU. Under the programme IDA and the Department of Enterprise Trade and Investment (DETI) in Northern Ireland were awarded a grant of €10m, of which €4m was allocated to IDA and €6m to DETI. The grant was awarded for the purpose of assisting in the development of business parks to international standards in Letterkenny and Derry which will be jointly promoted for inward investment.

In 2005 IDA received the grant allocation of €4m. In accordance with the Agency's accounting policies €1.264m of this amount was transferred to the Operating Account in 2005 and the balance of €2.736m retained as deferred income.

4 EU & Exchequer Co-Funded Research Technology and Innovation (RTI) for Industry Programme

This measure is designed to improve the level and quality of research and development undertaken by companies in Ireland by co-funding projects to be carried out by them. The fund is administered by Enterprise Ireland and payments made out of this fund are shown in note 8.

5 Rental Income

(a) Enterprise Ireland

Rents received of €0.165m (€0.446m in 2004) represent rents received by IDA from Enterprise Ireland client companies. This amount was transferred to Enterprise Ireland in 2005 as required by the Department of Enterprise, Trade and Employment.

(b) IDA Ireland

Gross rent receivable from client companies in 2005 was €2.782m (€2.198m in 2004). No Rent Reduction grants were paid in the year (€2,267 in 2004, included in Grants Payable in note 8).

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

6 Other Income	2005	2004
	€'000	€'000
Dividends	-	147
Bank Interest	357	629
Fee Income in respect of Undeveloped Lands	261	446
Interest on Industrial Property Transactions	451	462
Sundry Income	178	41
	1,247	1,725

7 Profit on Disposal of Assets	2005	2004
	€'000	€'000
Consideration (net of fees and direct expenses)	53,604	40,871
Historical Cost	(14,331)	(18,426)
Write back of provision for impairment	941	3,561
Write back of provision for depreciation	5,809	4,895
	46,023	30,901

The profit on disposal of €46.023m is stated net of losses and provision for losses of €3.083m.

8 Grants Payable	2005	2004
	€'000	€'000
Existing Industries	23,997	15,166
New Skills and Technologies	16,171	7,335
Employment	41,518	37,923
Training	1,263	2,155
Research Technology & Innovation (RTI) for Industry Programme (see also note 4)	4,310	2,966
	87,259	65,545

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

9 Promotion, Administration and General Expenses	2005	2004
(a)	€'000	€'000
Board Members' fees, expenses and remuneration	356	369
Other remuneration costs	20,187	20,395
Marketing, consultancy, promotions and advertising	5,956	6,315
General Administration	9,219	8,442
Audit Fee	46	43
Provision for Doubtful Debts	1,280	1,376
Less: Capitalisation of expenditure associated with industrial property development	(865)	(553)
	36,179	36,387
(b)	2005	2004
Other remuneration costs comprise:	€'000	€'000
Wages and Salaries	18,712	18,930
Social Welfare Costs - Employer's Contribution	897	890
Pension Costs - Employer's Contribution	578	575
	20,187	20,395

All IDA staff are employees of Forfás and are seconded to the Agency by Forfás.

(c)

Commitments under Operating Leases

The current annual commitment under operating leases is €10.894m. These leases will expire as follows:

	2005	2004
	€'000	€'000
Within one year	286	159
In the second to fifth years inclusive	515	315
More than 5 years	10,093	10,722
	10,894	11,196

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

10 Industrial Building Charges

These charges include the net rents paid in respect of industrial buildings provided by the private sector together with insurance, security and maintenance costs in respect of all promotable industrial buildings held by IDA.

11 Depreciation Charges and Provisions

	Notes	2005 €'000	2004 €'000
Depreciation Charges			
- Industrial Property	14	15,376	12,342
- Fixed Assets	15	881	1,144
- Telecommunication Assets	16	691	691
Provisions for Impairment			
- Investments	17	2	4
		16,950	14,181

12 Contribution to the Exchequer

By agreement with the Department of Enterprise, Trade and Employment receipts from promotion and administration activities, grant refunds, the sale of industrial property and income derived from the sale and or leasing of telecommunication assets to the extent that they exceed the Agency's expenditure requirements, are refundable to the Exchequer.

	2005 €'000	2004 €'000
Administration	1,280	1,630
Grant Refunds	144	7,639
Industrial Property	-	-
Telecommunication Assets	1,002	226
	2,426	9,495

13 Capital

	Notes	2005 €'000	2005 €'000	2004 €'000	2004 €'000
At 1 January			204,275		199,122
Net Movements on:					
- Industrial Property	14	51,968		6,589	
- Other Fixed Assets	15	(406)		(663)	
- Telecommunication Assets	16	(691)		(412)	
- Investments	17	(2)		(361)	
Transfer from Operating Account			50,869		5,153
At 31 December			255,144		204,275

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

14 Tangible Fixed Assets - Industrial Property

	Land	Site Development	Industrial Property Occupied under Leases	Vacant Industrial Property	Total
Cost	€'000	€'000	€'000	€'000	€'000
At 1 January	117,547	129,644	27,138	9,642	283,971
Additions	35,299	33,181	944	5,500	74,924
Transfers	-	-	252	(252)	-
Transfer to Other State Bodies	-	-	(302)	-	(302)
Disposals	(3,615)	(7,205)	(3,148)	-	(13,968)
At 31 December	149,231	155,620	24,884	14,890	344,625
Provision for Impairment					
At 1 January	2,042	5,387	3,140	783	11,352
Charge for Year	-	-	-	-	-
Transfers	-	-	71	(71)	-
Disposals	(40)	(575)	(326)	-	(941)
At 31 December	2,002	4,812	2,885	712	10,411
Depreciation					
At 1 January	-	56,344	10,681	4,679	71,704
Charge for Year	-	14,090	1,017	269	15,376
Transfers	-	-	214	(214)	-
Transfer to Other State Bodies	-	-	(180)	-	(180)
Disposals	-	(3,483)	(2,086)	-	(5,569)
At 31 December	-	66,951	9,646	4,734	81,331
Net Book Amount					
At 31 December	147,229	83,857	12,353	9,444	252,883
At 1 January	115,505	67,913	13,317	4,180	200,915
Net Movement for Year					51,968

(a) The estimated useful life of industrial property, by reference to which depreciation has been calculated, is as follows:

- (i) Buildings 33 years
- (ii) Site Development costs 10 years

(b) Transfer to Other State Bodies during 2005 comprised a building located in Cork. The asset was transferred to the ownership of Cork City Council with the permission of the Department of Enterprise, Trade and Employment.

(c) Included in the table above are amounts relating to two joint arrangements entered into by the Agency:

- (i) A joint arrangement is in place with a private development company for the development of a Digital Park at the Citywest Business Campus site in Dublin. Half of all land forming the site is vested in IDA, the other half is vested in the development company. Each party meets half of all infrastructural costs incurred and shares equally the proceeds of all site sales. IDA land and infrastructure costs at net book amount are €7.254m and €2.458m respectively.
- (ii) A further joint arrangement is in place with Fingal County Council to develop lands in Blanchardstown, Dublin in the ownership of the Council, for subsequent sale to industrial undertakings. Under the terms of the arrangement, IDA is responsible for making infrastructural improvements to the lands. The Agency bears the full costs of this work and is entitled to receive half of the proceeds of any sales. The net book amount included above in relation to this arrangement is €2.478m.

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

15 Other Fixed Assets

	Motor Vehicles	Office and Computer Equipment, Fixtures & Fittings	Total
Cost	€'000	€'000	€'000
At 1 January	55	9,846	9,901
Additions	-	476	476
Disposals	-	(61)	(61)
At 31 December	55	10,261	10,316
Depreciation			
At 1 January	14	8,604	8,618
Charge for Year	14	867	881
Disposals	-	(60)	(60)
At 31 December	28	9,411	9,439
Net Book Amount			
At 31 December	27	850	877
At 1 January	41	1,242	1,283
Net Movement for Year			(406)

The estimated useful life of fixed assets, by reference to which depreciation has been calculated, is as follows:

- (i) Motor Vehicles 4 years
- (ii) Office Equipment/Fixtures and Fittings 5 years
- (iii) Computer Equipment 3 years

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

16 Telecommunication Assets

Acting pursuant to a Government decision IDA, in conjunction with the Department of Public Enterprise (now the Department of Communications, Marine & Natural Resources), entered into contracts in 1999 for the purchase of telecommunication assets in the form of an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000. A portion of the capacity purchased by IDA has been sold to a number of service providers.

	2005	2004
Cost	€'000	€'000
At 1 January	38,850	38,571
Additions	-	279
Disposals	-	-
At 31 December	38,850	38,850
Provision for Impairment		
At 1 January	21,000	21,000
Charge for Year	-	-
Disposals	-	-
At 31 December	21,000	21,000
Depreciation		
At 1 January	15,775	15,084
Charge for Year	691	691
Disposals	-	-
At 31 December	16,466	15,775
Net Book Amount		
At 31 December	1,384	2,075
At 1 January	2,075	2,487
Net Movement for Year	(691)	(412)

The estimated useful life of telecommunication assets, by reference to which depreciation has been calculated, is 8 years.

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

17 Investments

Cost	€'000
At 1 January	48
Additions	-
Disposals	-
At 31 December	48
Provision for Impairment	
At 1 January	46
Charge for Year	2
Disposals	-
At 31 December	48
Net Book Amount	
At 31 December	-
At 1 January	2
Net Movement for Year	(2)

Details of Investments

Company	Activity	Type of Share	Cost of Acquisition	Provision on transfer of shares from Forfás	Cost Less Provision on Transfer from Forfás
			€'000	€'000	€'000
Container Graphics (Manufacturing) Ltd	Moulds & Precision Equipment	Preference	76	34	42
Critical Path Inc.	Software Development	Ordinary	6	-	6
PGM Ballscrews Ireland Ltd	Machine Products	Ordinary	267	267	-
			349	301	48

Historic Cost of Investments at 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

18 Accounts Receivable

	2005	2004
	€'000	€'000
Amounts falling due within one year:		
Accounts Receivable and Prepayments	13,115	13,823
Amounts due in respect of disposal of Telecommunication Assets	5,600	5,600
Amounts due in respect of disposal of Industrial Property	24,804	2,559
Amounts on deposit with Solicitors	7,145	33,078
Provision for Doubtful Debts	(10,483)	(9,961)
Interest Receivable	20	48
	40,201	45,147
Amounts falling due after more than one year:		
Amounts due in respect of disposal of Industrial Property	1,379	1,672
Amounts due on loan advanced	410	-
	41,990	46,819

The amounts due of €1.379m in respect of disposal of Industrial Property have arisen due to the agreed consideration being paid by instalments over periods of up to 10 years.

The amounts due on loan advanced comprise €0.4m capital plus interest to 31 December 2005 of €0.01m, repayable over 15 years commencing in 2008, after a moratorium period of three years.

19 Accounts Payable

	2005	2004
	€'000	€'000
Accounts Payable and Accruals	15,116	15,958
Grant Payment Accruals	1,544	1,181
Provision for amounts refundable in respect of uncompleted sales	276	2,626
	16,936	19,765

Provision for amounts refundable in respect of uncompleted sales represents amounts received, in respect of the sale of Industrial Property, where title had not passed from IDA to the purchasers at 31 December 2005.

20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €300m as at 31 December 2005. Capital Commitments outstanding at 31 December 2005 on contracts for the acquisition and development of Industrial Property amounted to €70m.

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

21 Taxation

Section 227 of the Taxes Consolidation Act, 1997, provides an exemption from tax for income of non-commercial state bodies. This exemption does not apply to deposit interest. Where interest receivable is subject to tax at source (e.g. DIRT), the net receivable amount is credited to the Operating Account.

In some countries in which the Agency operates, an exemption from local taxation has been availed of under the Governmental Services article of the relevant double taxation agreement. This position continues to be under review by the Agency which is actively seeking clarification to determine whether overseas employment taxes arise in any of the jurisdictions where this exemption has been availed of. The review could result in a liability to taxes but in view of the uncertainty in relation to the amount, if any, of such possible contingent liability no provision has been made in the financial statements for the year ended 31 December 2005.

22 Industrial Property Income and Expenditure

	Notes	2005 €'000	2004 €'000
Income:			
Oireachtas Grant	1	18,103	3,102
Rental Income IDA Client Companies	5	2,782	2,198
Fee Income in respect of Undeveloped Lands	6	261	446
Interest on Sales	6	451	462
Profit on Disposal of Industrial Property		46,024	30,847
		67,621	37,055
Expenditure:			
Promotion, Administration and General Expenses		2,449	2,589
Industrial Building Charges	10	9,428	7,379
Depreciation Charges and Provisions	11	15,376	12,342
		27,253	22,310
Net Movement for Year			
Transfer to Capital	13	(51,968)	(6,589)
Contribution (from)/to Promotion and Administration activities		(11,600)	8,156

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

23 Gross Cash Flows

	Notes	2005 €'000	2004 €'000
(a) Returns on Investment and Servicing of Finance			
Dividends	6	-	147
Bank Interest	6	357	629
		357	776
(b) Capital expenditure and financial investment - Acquisitions			
Expenditure Capitalised	9 (a)	865	553
Purchase of tangible fixed assets - Industrial Property	14	(74,924)	(28,544)
Purchase of Other Fixed Assets	15	(476)	(481)
Purchase of Telecommunication Assets	16	-	(279)
		(74,535)	(28,751)
(c) Capital expenditure and financial investment - Disposals			
Disposal of tangible fixed assets - Industrial Property		53,604	40,460
Disposal of Other Fixed Assets		-	11
Disposal of Investments		-	400
		53,604	40,871
(d) Analysis of Net Funds			
	At 1 January 2005	Cash Flow	At 31 December 2005
	€'000	€'000	€'000
Cash at Bank and on hand	6,598	3,074	9,672
Short term deposits	11,000	(7,000)	4,000
	17,598	(3,926)	13,672

NOTES TO THE FINANCIAL STATEMENTS

For Year Ended 31 December 2005

24 Board Members - Disclosure of Transactions

In the normal course of business the Agency may approve grants and may also enter into other contractual arrangements with undertakings in which IDA Board members are employed or otherwise interested. The Agency adopts procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board members and the Agency during the year.

During 2005 payments totalling €1.473m for both recurring and capital utility charges were made to a utility company in which a Board member is employed. Interest of €0.247m net of bank charges was received from a bank in which another Board member was employed. A third company in which a further Board member declared an interest purchased land from the Agency for a consideration of €2.3m. The members concerned did not receive any documentation on the transactions nor did the members participate in or attend any Board discussion relating to these matters.

25 Approval of Financial Statements

The Financial Statements were approved by the Board on 12 April 2006.

ACKNOWLEDGEMENTS

IDA Ireland acknowledges the co-operation received throughout 2005 from the many organisations with which we work. Particular thanks to the Minister for Enterprise, Trade and Employment and the Minister for Finance and the staff of their Departments for their support. We also appreciate the support and co-operation received from other Government Departments, our sister Agencies – Forfás, Enterprise Ireland and Science Foundation Ireland – and the local authorities, educational establishments, client companies, representative organisations and individuals with which we work.



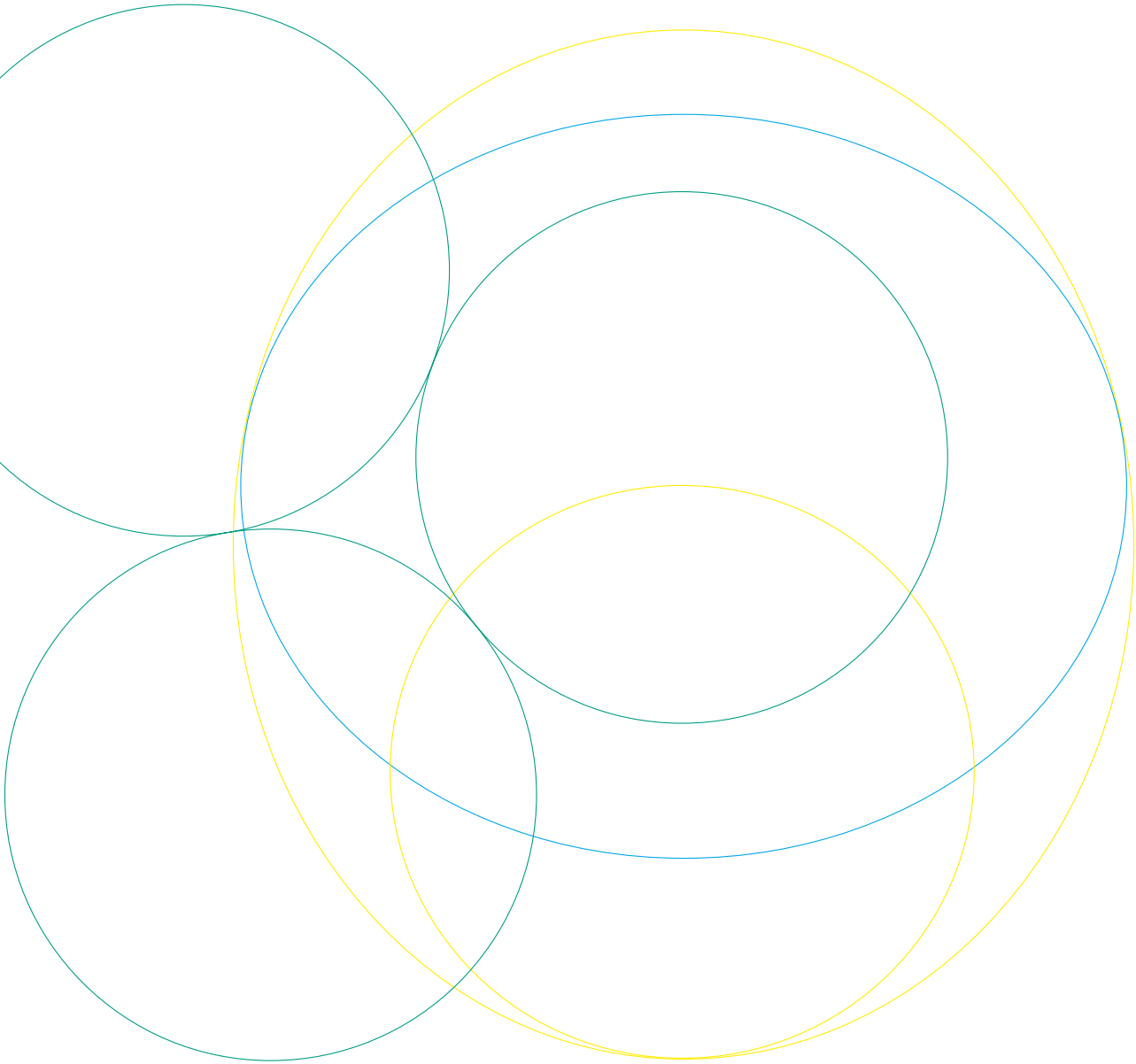
IDA Ireland is an autonomous state sponsored Agency funded through Government grant under the National Development Plan. The Agency reports to the Minister for Enterprise, Trade and Employment.

IDA Ireland operates under the terms of the Industrial Development Acts 1986 to 2003.

IDA Ireland's activities are an integral part of the Irish Government's National Development Plan (2000-2006) – the largest development initiative in the history of the Irish State.



The Plan involves an investment of over €50 billion over the seven years, with €43 billion being funded by the Irish Government and the balance coming from the EU and Public Private Partnerships.



www.idaireland.com

