

Ireland,
knowledge
is in our nature™



MISSION STATEMENT

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.

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

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 2007.

Don Aire Fiontar, Trádála agus Fostáiochta:
De bhun an Achta um Forbairt Tionscail 1993,tá a thuarscáil agus a chúntais don bhliain dar chríoch 31 Nollaig 2007
á dtíolacadh leis seo ag IDA Ireland.



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The Irish mind.

An abundant supply of what is needed to put global businesses on the pathway to profit.



Much of Ireland's current economic success can be attributed, in no small way, to its being one of the most attractive global locations for foreign direct investments. In fact, there are almost 1,000 overseas companies already based here. Attracted, they will tell you, by a combination of the right attitude, the right infrastructure and naturally, the right people.

We are seen as a creative, imaginative and flexible people. A highly skilled workforce with an almost unique capacity to initiate and innovate, without being directed. What makes us different, apparently, is that we like to think on our feet. This kind of agile thinking is a rare commodity and much sought after by knowledge-based businesses.

Ireland is already established as a major global competitor for R&D investment. The result of a Government strategy to build a foundation of science and technology in our academic institutions and to encourage greater collaboration between them and business. Building up Research, Development and Innovation capabilities of Irish-based business is core to Ireland's continuing prosperity and growth.

Adapting is what Irish people do in every area of life, from how they study hard and learn quickly, to how they solve problems. It is the Irish mind at work, alert, focused and ready to change, proud of its traditions and prepared to adapt them to any new systems which should prove useful whether in the world of poetry and fiction, music and dance or in the place of work. At IDA Ireland we believe that the agile and productive Irish mind is, and will continue to be, the pathway to profit for global businesses.

CHAIRMAN & CHIEF EXECUTIVE OVERVIEW



CHAIRMAN & CHIEF EXECUTIVE OVERVIEW



The Irish economy continued its transformation in 2007. At the heart of this transformation is a belief in our ability to successfully compete with the best and a shared conviction that we can adapt, evolve and innovate in response to the increased challenges which lie ahead.

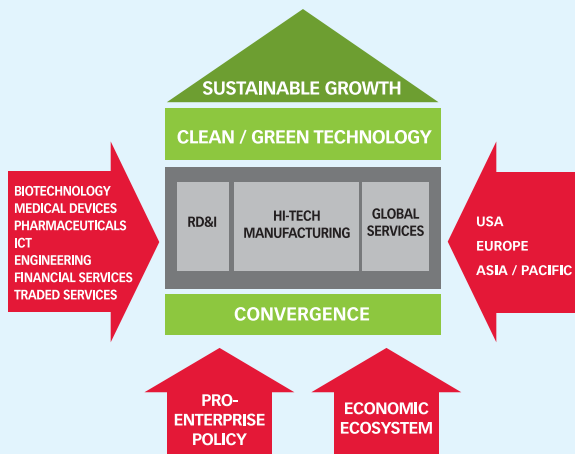
IDA Ireland has continued to play its part in winning the highest quality investments. Together in partnership with a wide array of national stakeholders, we have continued to re-position Ireland and ensure we are viewed as the innovation-led and knowledge-based economy of choice for global investment.

Ireland remains the most Foreign Direct Investment (FDI) intensive economy in Europe. Ireland's achievements in 2007 alone include rankings as follows:

- First place as the most Global Nation for the third consecutive year.
- First place for its image abroad as a location for business development.
- Number one position as the most attractive European location for Life Sciences FDI, receiving 25% of all such investment into the region.
- Second place in all developed economies, when adjusted for size, for our share of all global FDI.
- Second place also for flexibility and adaptability when faced with new challenges.
- Second position again in the world for industrial productivity and third for overall economic productivity.
- Third place in the world for job creation per capita.
- The top ten globally as an attractive location to do business.

These are the findings of recently published independent reports - see sources at the end of this section.

Globalisation and market liberalisation continue apace; within Europe, Ireland has benefited most from open flows of goods, services and people. Since the beginning of the new millennium, the manner in which IDA Ireland does its business has been evolving in line with changes in the global economic environment. Our focus is increasingly aligned around significantly expanding investment across three key pillars, namely global services, high technology manufacturing and Research, Development and Innovation (RD&I).



Being cognisant of these changes means that future success will largely be measured on the IDA's ability to secure:

- Additional high-end value-added investments from our existing client base and from new clients.
- Sustained increases in investment in Research, Development and Innovation.

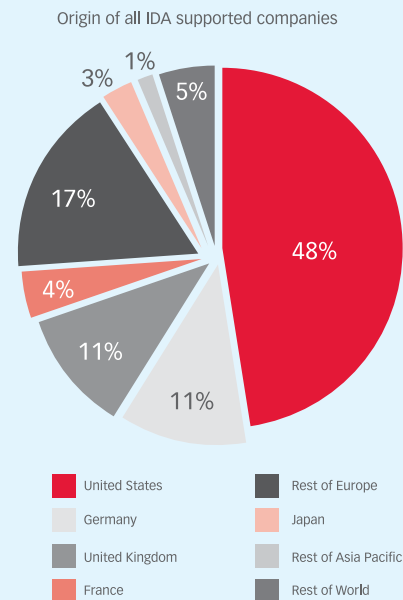
The success of this strategy has been witnessed in the actual results achieved over the years and those delivered again in 2007.

Highlights for 2007

114 new investments of which:

- 26% were secured from clients new to IDA.
- 40% were R&D investments.
- 34% were expansions to existing facilities.

- A total of €2.3bn+ future capital investment secured.
- 33% of investments came from non-US corporations, demonstrating the global appeal of Ireland as an investment location.



- 60% of these new roles in IDA supported projects have wage and salary levels in excess of €40,000 pa.
- Over 9,000 new full-time jobs with total employment in excess of 152,000 jobs in all IDA supported companies.
- In keeping with the IDA strategy of enhanced regional development, 64% of investments were located outside of Dublin.

The continued impact of Foreign Direct Investment

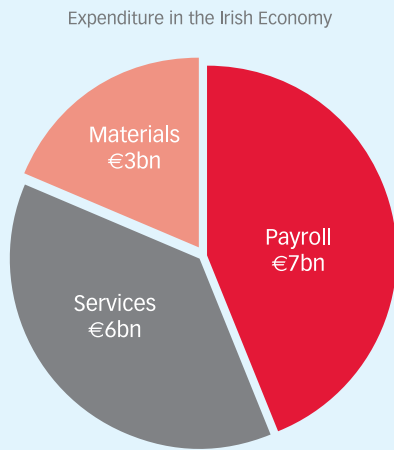
As Ireland continues its transition into a leading 21st century innovation-led economy, FDI will continue to play a significant role in our future growth and economic prosperity.

Our national wealth is the product of a number of interrelated economic activities, the complexity of which has increased in keeping with enhanced globalisation

and the sophistication of the goods and services originating in our economy. This is the cornerstone on which our improved quality of life, greater social cohesion and prosperity depends. IDA Ireland's ongoing success in attracting the highest quality FDI projects to Ireland has been and will remain paramount.

IDA supported companies in the year under review paid almost €3bn in Corporate Tax accounting for c.47% of the total corporate tax take, and they are a crucial element of our export base accounting for c.85% of manufacturing companies' exports during the year.

In addition, just under 1,000 foreign-owned companies supported by IDA spent approximately €16bn in direct expenditure within the economy.



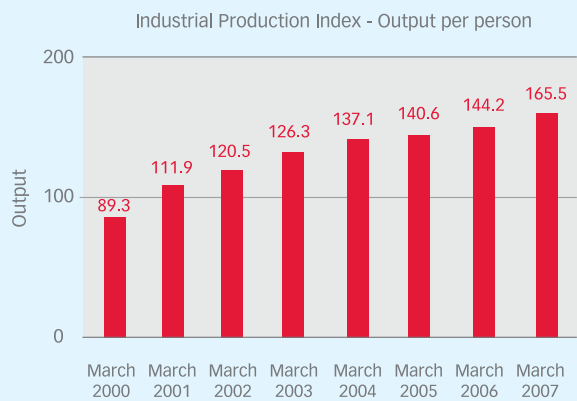
Note: excluding regulated financial services

The major contributions made by Foreign Direct Investment are not confined to economic growth and employment, but in a multitude of ways they have also acted as pathfinders and catalysts in developing an effective national enterprise support infrastructure through:

- Investment in excellence in lifelong learning with educational and training institutes.

- Leading productivity improvements across their business activities and seeding techniques such as Six Sigma, Lean Manufacturing and Total Quality Management.
- Making inputs at both policy and infrastructural levels on a very wide enterprise agenda (education, science, physical and digital infrastructure) to the greater national benefit.
- Driving novel collaborations, consortia and independent research and innovation activities in conjunction with each other and with Third Level institutions.
- Enhancing an entrepreneurial ethos resulting in both internationally traded start-up businesses and those that supply goods and services to the existing FDI base.

IDA client companies have been instrumental in driving our national productivity performance through their adoption of leading international practice in technology, operations, logistics and human resource management. Our national productivity levels as a result are high by global standards. Maintaining and improving our productivity advantage is critically important in an open economy trading into an increasingly competitive global environment.



(CSO Industrial earnings and hours worked, October 2007)

Future of Foreign Investment

The critical challenge faced by IDA Ireland is to secure investments that are innovation intensive, technologically advanced, having the maximum economic impact and the highest calibre of potential employment.

Since the beginning of the new millennium, Ireland's offering to potential investors has been re-invented in recognition of the progress in our economic circumstances and the changed needs of the global marketplace. In the highly dynamic and interconnected world of global business, multiple factors that are increasingly associated with the Irish - agility, inventiveness, a desire to seek performance improvements and productivity gains - are vital to corporate success and profitability. Clients comment positively on the coherence of national policy, the positive interaction of the development agencies and the speed and dexterity with which change is agreed and effected in Ireland.

These are factors that have proved critical to our success and will continue to be as the economy continues its transition to being increasingly innovation led. Our earlier advantages of having an abundant, highly educated labour supply and intrinsically low costs have been increasingly substituted by a depth of creative managerial talent, leadership in productivity, innovative business practice and in Research and Development expenditure resulting in superior 'value-added' activities.

Significantly, as demonstrated in our results, Ireland today successfully competes for the highest value Foreign Direct Investment projects in the world. Inevitably, however, in a developed economy that means the termination or transfer of certain activities which are no longer practicable. This 'churn-effect' is an inescapable fact of modern economic life and should not lead to lamentation about the end of our attractiveness as an investment location nor to suggesting Ireland is no longer a viable manufacturing location; this is patently not the case.

Manufacturing

During the last three years, in excess of €5bn in FDI projects approved by IDA Ireland were in manufacturing. These manufacturing investments are increasingly associated with product or process development activities. They are at the leading edge of technology where productivity and creativity are contingent on the skills, capability and agility of the labour force.

Future manufacturing projects will be of a similar nature and our focus will primarily be on attracting investment in: (i) capital and skills intensive activities, where labour cost is not a significant percentage of total costs, (ii) specific niche operations, e.g. producing high value products, focused on technology transfer, pilot runs or short production runs, and (iii) those with significant competence in demand fulfilment management.

Services

Globally, the services sector accounts for upwards of 70% of GDP in developed economies but only accounts for less than 25% of global exports, suggesting a significant opportunity for the future expansion of trade in services. Services by their nature make intensive use of advanced technology and require a highly skilled workforce. Ireland is an important location within the EU for a number of distinct service sectors, namely computer software, IT services, international financial services and regional services' headquarters. Ireland is well positioned to take advantage of the globalisation of services by utilising our advantages of tax, scale and expertise. By doing so, IDA will position Ireland as the prime investment location for the next generation of business services and other novel advanced service offerings.

Research, Development and Innovation

The establishment of Science Foundation Ireland (SFI) and the first definitive national policy to establish a substantial foundation of world class research through the development of the science, technology and innovation agenda across the economy was articulated in the **Strategy for Science, Technology & Innovation 2006-2013**. This integrated approach has yielded a series of significant national industrial and academic research collaborations that would not have been possible heretofore. Ireland is gaining

increasing recognition as a location in which to innovate and is empowering some of the leading global corporations to carry out research, development and innovation across a wide platform of activities, thereby enabling their future potential to create and commercialise new processes, products and services.

A noteworthy development is the number of foreign owned companies across multiple sectors who now look to Ireland as a way of enhancing their market presence and technology expertise through acquisition. This is an endorsement of the quality of research and innovation taking place here. Excellent examples in the Life Sciences include the acquisition of Clonmel-based Pinewood Laboratories by an Indian multinational, Wockhardt Ltd, or one of the largest commercial analytical laboratories in the USA, Lancaster Laboratories' decision to take over Dungarvan-based Microchem Laboratories to strategically increase its market presence in Europe. This phenomenon has been witnessed in other sectors with Intel Inc. acquiring Havok Inc. in the ICT sector and, within financial services, Allfinanz taken over by reinsurance firm Munich Re.

Clearly, continued higher value FDI secured by IDA will be a key contributor to further economic growth. It has a crucial role in ensuring we remain correctly positioned as a highly innovative, dynamic, agile and pro-enterprise economy. IDA Ireland will continue to contribute through managing a balanced portfolio of investments across global services, high technology manufacturing plus Research, Development and Innovation (RD&I) over a variety of sectors and at different levels of scale.

Emerging Trends

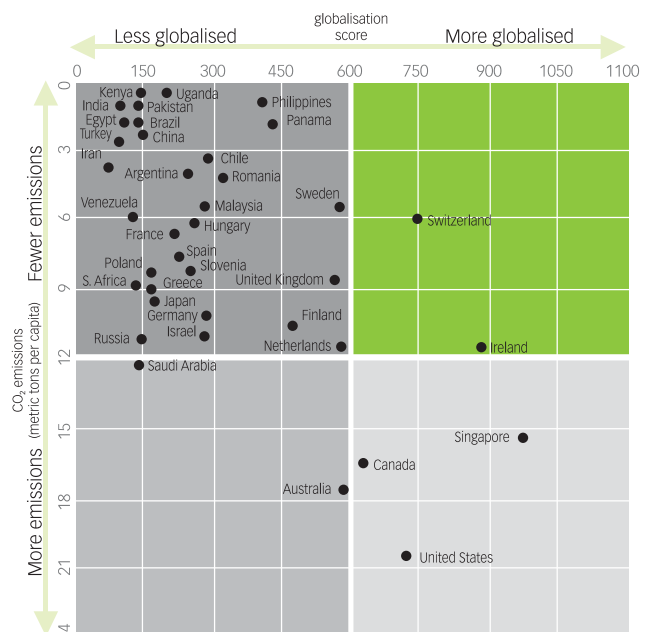
Collaborative R&D

An ever more discernable development internationally is the increased level of cross-disciplinary and cross-sectoral work often in conjunction with academic institutions, carried out in a globally-distributed network, the so called Innovation Networks. This should be an area where Ireland can truly excel, given our advantage of size and disproportionate investment in the established clusters of Information and Communications Technology (ICT) and Life Sciences. In both these sectors, we hold a leadership position.

Clean Technology

Another key trend is the increasing global awareness of the delicate balance of enterprise and environmental agendas. Corporations are recognising the global challenges of climate change and sustainable resource use, and the EU has been extremely influential in setting this policy agenda and driving international dialogue.

Ireland is in a particularly strong position to demonstrate leadership, being recognised as a global player with a strong environmental record having avoided much of the older industrial activities. We are looking forward to new fruitful partnerships with academia and other agencies, as we assess the most appropriate positioning of our geographical advantages for investments in the emerging clean energy and new environmental goods and services sector, the so called 'green technologies'.



The Globalization Index, A T Kearney 2006