



**ANNUAL REPORT**  
**2002**

 **IDA**  
**IRELAND**

- CREATIVITY
- INNOVATION
- TECHNOLOGY
- SKILLS

**ENRICHING IRELAND**

## **ACKNOWLEDGEMENTS**

IDA Ireland acknowledges the co-operation received throughout 2002 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 and Enterprise Ireland - and the local authorities, educational establishments, client companies, representative organisations and individuals with which we work.

We especially acknowledge the dedication and hard work of the staff of IDA Ireland throughout the year.

**THIS ANNUAL REPORT AND OTHER IDA IRELAND INFORMATION IS AVAILABLE ON OUR WEBSITE [www.idaireland.com](http://www.idaireland.com)**

## **IDA IRELAND**

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 1998.



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.

# CONTENTS

IT IS THE POLICY OF IDA IRELAND TO MAKE INFORMATION AVAILABLE, ON REQUEST, ON GRANTS PAID TO COMPANIES.

## **02 CHAIRMAN AND CEO STATEMENT**

Ireland – The next generation

## **05 HIGHLIGHTS 2002**

## **09 IDA VISION AND MISSION STATEMENT**

## **10 STATISTICS UPDATE**

## **14 ACHIEVING PROGRESS...**

Delivering to the regions

Quality and skills the priority

The process of renewal

Growing clusters in Ireland

R&D and innovation crucial to the future

World leading activities

## **26 FINANCIAL STATEMENTS**

## **46 BOARD AND COMMITTEES 2003**

Board 2003

Committees 2003

Statutory notices

## **51 THE ORGANISATION**

Organisation structure

IDA Ireland offices



### **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 2002.

### **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 2002 á dtíolacadh leis seo ag IDA Ireland.

# CHAIRMAN AND CEO STATEMENT

## IRELAND – THE NEXT GENERATION



**CHIEF EXECUTIVE: SEAN DORGAN**



**CHAIRMAN: JOHN DUNNE**

---

In IDA we have the privilege of being close to and understanding the mind sets of leading global companies. Their view of Ireland, and how we have achieved our recent success, makes us optimistic and confident about the future. But we have to continue to work hard for that future.

---

**IRELAND HAS COME A  
LONG WAY IN THE PAST  
DECADE. THIS SUCCESS  
CAN BE SUSTAINED AND  
CONTINUED**

In our Annual Reports and other commentaries over recent years, we have outlined the many individual issues impacting on the continued growth of inward direct investment in Ireland.

We have focused on issues such as education, infrastructure, business services, access, regional development and many others, including the role of IDA itself. Each of these issues is critical to Ireland remaining competitive, not just for inward investment but for the prosperity and sustained development of the economy as a whole. This has been echoed many times over and reinforced during the year by many other organizations.

Continued development requires a co-ordinated and driven approach across all aspects of the economy. Addressing individual issues randomly and without the total perspective will not achieve the end goal of improving Ireland's overall wealth. The fundamental need is to deliver improved competitiveness and growth in productivity, so as to continue the unprecedented performance of the past decade in growing Ireland's overall wealth, thereby improving the nation's living standards.

Ireland has come a long way in the past decade. This success can be sustained and continued. But the issues clearly impacting on growth need addressing in an integrated and cohesive programme nationally.

IDA therefore has welcomed the National Spatial Strategy as a 20 year development framework and believes it is also critical that the National Development Plan 2000-2006 be continued to its full implementation and completion in every possible aspect. The consultation and research work involved in the preparation of both of these has been comprehensive and expert. They provide the solutions for most of the key issues impacting on the economy's long-term development. Every possible step to deliver these programmes to schedule, and to completion, will give the nation the expected payback many times over.

Competitiveness in its broadest sense is critical to our future development. In the past competitiveness meant low costs (in wages, services etc) but it means much more than that today. Ireland is moving up the value chain and the foundation for our future success will be based on innovation, education, skills and research. Each location in Ireland also needs to be competitive in what it can offer, so as to have the opportunity to win inward investment against other similar locations in Ireland, across Europe or globally. As we seek to attract the higher levels of knowledge based investment and higher added value we must be seen as premiership players in the big league.

The future will, without doubt, be based on knowledge and innovation – based on the skills, expertise and creativity of the workforce. We see the success of the Irish

economy to be not about "making more things" as it has been in the past, but about making things better and making better things, preferably emerging out of the knowledge and creativity of the new Irish mind.

**To achieve this improved level of productivity and innovation we have adopted a series of interlinked programmes of work in IDA. They are based on the four primary requirements to deliver that next step in growth in the inward investment arena:**

- Renewal of existing overseas industries, so that we hold the businesses that are here, and they deliver the best results for their corporates while embedding themselves further in the Irish economy. Our Strategic Competitiveness Programme is the main instrument in this strategy.
- Replacement of the inevitable losses is the tough challenge, as many regional locations can suffer badly from the loss of one industry. In many cases substantial work is required to enhance that location to make it more attractive and competitive and we work very closely with local authorities and third level colleges to deliver the best solution. In many cases this also requires a response from national infrastructure providers and this can be a slower programme of delivery. But, as we illustrate later in this Report, we frequently deliver strong results on replacement

industry and the new investments invariably have greater sustainability.

- Greenfield inward investment continues to be a critical aspect of our activity and with the sharply focussed and targeted approach to this we are delivering important results both in the scale and strategic importance of some of the new investments won.
- Seeking out niches of business in which Ireland can carve out world market leadership is a medium term objective that needs to be vigorously pursued so as to continue the growth and development of the economy. Leadership and partnership are the hallmarks of this strategy and IDA has formed many new networks and relationships to work towards developments in new areas. In this respect the single most important contributor to this growth will be the level of world class innovation arising out of the strengthening links between business and third level education and other research centres in the country. Science Foundation Ireland also has a key role to play in this development.

Ireland has embarked on its journey into the 21<sup>st</sup> century from a very solid foundation built up over the past decade. Our vision is to be simply the best in designated aspects of international business. To achieve this we must invest in and support our greatest asset - our people and their innovation and knowledge.

**TO ACHIEVE THIS WE MUST INVEST IN AND SUPPORT OUR GREATEST ASSET - OUR PEOPLE AND THEIR INNOVATION AND KNOWLEDGE.**

## HIGHLIGHTS 2002

Total new IDA supported jobs filled	11,743
- of which first time jobs	8,771
<hr/>	
Total full time IDA supported employment	133,246
<hr/>	
Change in full time employment in IDA supported companies	-3,202 (-2.3%)
<hr/>	
Number of IDA supported companies	1,094
<hr/>	
Projects fully agreed for IDA support	55
- of which Greenfield	31
- of which Expansion	24
<hr/>	
Corporation Tax paid (estimated) by IDA supported companies	c. €2.2 billion
<hr/>	
Total IDA grants paid	c. €116 million

### RESULTS 2002

During 2002 many international companies decided that Ireland was the place to be for new strategic investments, both greenfield and expansions, that will play an integral role in the success of their global businesses.

The number of new investments secured was up by two thirds on 2001, with 55 new projects in manufacturing and international services being negotiated by IDA compared with 33 in 2001. These projects are committed to creating 8,700 new jobs as they come on stream over the next few years.

More high value activities are also being added to the Irish operations of overseas companies, particularly in research and development, where we negotiated support for investments by 31 companies totalling nearly €120 million in R&D

activities in their Irish operation, supporting this with nearly €30 million in grants. This is a very strong commitment by these companies and will raise the calibre of their Irish operations significantly.

Overall, IDA supported companies created 11,740 new jobs during 2002 with some slow down in job losses, at 14,700 jobs lost compared with 17,800 in the previous year. This resulted in total employment in the 1,094 IDA supported companies falling by 2.3% during the year and 133,246 people now directly employed.

Productivity is continuing to rise significantly as IDA supported companies increase their sales and exports by around 10%. Their value in the economy has increased to nearly €16 billion per annum through their local expenditures. Sales from IDA supported companies now total over €65 billion, with exports valued at €60 billion. These results were compiled by Forfás from the latest figures available – year ending 2001.

### PHARMACEUTICALS AND HEALTHCARE

2002 was strong for the pharmaceuticals and healthcare sectors. The confidence of global companies in Ireland's ability to continue to support high value activities can be seen from the range of new investments made in 2002 by companies such as Medtronic and Abbott Laboratories in Galway, Amersham Health in Cork, Takeda in Clondalkin and Servier in Arklow.

## THE WYETH BIOPHARMA CAMPUS

Wyeth is expanding its operations in Ireland through the investment of over \$1billion in a new biopharmaceutical campus in Ireland located on a 90-acre site at the Grange Castle International Business Park in South County Dublin. The new development will be the largest single-site biopharmaceutical campus in the world and will involve the creation of 1,300 new jobs at full production – bringing total Wyeth employment in Ireland to over 3,000.

The new Campus will manufacture a range of healthcare products for the prevention or treatment of serious illnesses including rheumatoid arthritis and pneumococcal disease in young children.

The planning application was submitted to South Dublin County Council on 4 July 2000 and final planning approval was received on 15 September 2000. Site development work commenced on 2 October 2000 and the first steel was erected on 19 February 2001.

Within two years over 90% of the total construction has been completed and all major utilities are now operational on site. Wyeth has been delighted with the construction progress over the last two years. The project has met all major construction deadlines and has had an excellent safety record with over three million hours completed without a lost time accident.

Already 450 full time staff are employed on site at Grange Castle and it is envisaged that a further 420 staff will be recruited during 2003.

Dr. Reg Shaw, Managing Director of the Wyeth BioPharma Campus, is delighted with the excellent progress on both construction and recruitment. "The support of government agencies, local authorities and the local community in Clondalkin has been instrumental in helping us meet all our deadlines to date. We have built a world class Campus and we are now attracting world-class candidates to work here."

The substantial progress made by Wyeth Medica at its major new biopharma facility in Dublin and the opening of the Genzyme biotechnology facility in Waterford focused increased attention on Ireland as a leading base for biotechnology-based pharmaceuticals investments.

### ICT

While the information and communications (ICT) sector suffered an overall decline in employment of 5.2% during 2002, Ireland continued to attract some key investments in the high value, technologically advanced areas. These included examples such as the establishment by Motorola Semiconductor Design Centre in Cork of a dedicated research team which confirms the Cork Centre as the key centre-of-excellence in R&D for Motorola's complete mobile radio subsystem and Symantec Corporation in Dublin, a world leader in Internet security, who established the company's only anti-virus response Centre for Europe and expanded its existing customer and technical support centre.

The re-commencement of the Intel Fab 24 investment during the year was a particularly important signal to the world of our competitiveness for such strategic projects. Overall the ICT sector created nearly 4,000 new jobs and it was interesting to note that the top 10 ICT companies in Ireland continued to hold their overall employment levels steady during the year.

### INTERNATIONAL SERVICES

Some of the internationally traded services sectors performed well, particularly financial services, and in the sector as a whole over 5,600 new jobs were created. In shared services our ability to attract high value activities that are knowledge based and skills-led was again proven by the number of new investments made during the year. The diversification of activities involved in the sector were seen in the investments made during the year by companies such as MBNA in Carrick-on-Shannon, AOL in Waterford, Churchill Insurance in Galway and GMAC in Mullingar and their geographical spread into the regions highlighted the sector's importance in contributing to the regional development objective.

### INNOVATION AND EXCELLENCE

A key element of IDA work now is to ensure that Ireland also attracts the levels of innovation and world-class excellence in its business infrastructures that is required in a modern developed economy. Some quality investments were made in 2002 by companies such as Bausch and Lomb in Waterford in developing back of the eye treatments and Dow Corning in Cork establishing a new plasma R&D centre. (See page 22 for more detailed story on this.)

A critical feature of this type of high level activity is the development of strong partnerships and collaboration between industry and universities, undertaking together substantial R&D, be it in product, process, technology or the management of innovation. IDA is working closely with Science Foundation Ireland (SFI) and

expects to see significant growth in industry/university collaboration in the years ahead.

Extensive IDA time and resources have also been allocated to seeking out new niches of business in which Ireland can be a leader. For example, in the digital media sector e.learning, games and content management can be developed to significant world-class levels, given the right support, and IDA and Enterprise Ireland are working to a common strategy in these fields to facilitate such development. Other areas of potential include communications management software (which we discuss in more detail on page 24) and the opportunities emerging from the convergence of the biotechnology, pharmaceuticals and healthcare sectors.

### INTEL IRELAND – 2002 IN REVIEW

The highlight for Intel Ireland during 2002 was the announcement in April that construction would restart on Fab 24. The restart of construction on the €2 billion facility was a strong endorsement by the Corporation of Intel Ireland's key role in its future technology and manufacturing plans. Substantial progress on construction had been made by the end of the year.

Intel Ireland is very excited about the new 300mm 90-nanometre technology, which will manufacture Intel's most advanced microprocessors when it comes into production in 2004. Intel Ireland's employees consistently prove their ability to master the engineering, scientific and manufacturing disciplines involved in the world's most advanced technologies. Their commitment and achievements are the vital ingredients in winning continued investment in the site.

The existing Ireland Fab Operations has been busy making microprocessors and chipsets to support the Intel Pentium® 4 processor and that organization continues to look at other advanced semiconductor technologies that can be adopted in the facility.

Intel's cumulative investment in Ireland is €4 billion and total direct employment by Intel currently is around 3,200. In addition, some 1,000 people work on site in companies that have contracts with Intel to supply support or services. There are a further 92 people employed at Intel Communications Europe located in Shannon, Co. Clare which is the Ireland product development arm of Intel's Communications Product Group and is dedicated to the design and development of advanced broadband technologies for network access devices.

## REGIONAL DEVELOPMENT

Our commitment to regional development is stronger than ever and now with the National Spatial Strategy in place IDA is determined to see the emergence of strong magnets of attraction in each region. For their successful development each region needs to have clear, competitive reasons why companies would wish to locate there, rather than elsewhere. Much of the work needed to achieve such competitive advantage is outside of the scope of IDA but through working in strong partnership with other organisations at national and local level IDA can support and influence the delivery of some of the required solutions.

## PROPERTY SOLUTIONS

In 2002 IDA continued to contribute significantly to balanced regional development through the provision of new Business and Technology Parks designed and built to international standards. Work continued during the year to deliver high quality Business Parks in Athlone, Ballina, Carlow, Castlebar, Drogheda, Fermoy, Letterkenny, Portlaoise, Sligo, Tuam, Tullamore, Westport and Wexford. IDA's budget on such activity totalled €38 million in 2002, with a further €35 million available in 2003. The provision of the new buildings on these Parks involves additional significant expenditure by private developers who are providing great leadership to bring economic development to these regions in partnership with IDA.

Throughout the year major progress was also made on the IDA childcare initiative to enable the development of high quality childcare facilities on IDA Business Parks across the country. It is expected that the first of these will be operational in Galway and Athlone by September 2003.

## OPPORTUNITIES IN 2003

While we are disappointed that global conditions continue to have a negative impact on the flow of investment internationally and that the IT sector continues in the doldrums globally, Ireland is still proving attractive for high quality investments. We are winning more than one new investment project, on average, per week and also signing up some important research led projects.

The healthcare and pharmaceuticals sectors continue to be the strongest, with key investments announced by companies such as Abbott, Altana, Recordati, Taro Pharmaceuticals and Inamed. Most significantly in the Internet arena the first half of the year saw the arrival to Ireland of the two leading names - Google and Overture. In the software sector leading companies such as Microsoft announced further expansion of its customer relations activity into Dublin, SAP expanded into Galway with the establishment of a new European Support Centre and Schlumberger established its global technology shared service centre in Cork. In other services Pfizer expanded its financial services activity in Dublin while Ingersoll Rand opened its global export sales and service trading company in Swords.

Foreign Direct Investment (FDI) continues to change rapidly, with some important new sectors emerging, which could have enormous potential for Ireland. It is essential that we all commit to the implementation of new policies and investments in areas such as education, support services, infrastructure and property solutions to enable Ireland to be a driving force in the development of these new sectors. The effort and co-operation required by all will reap significant benefits for the future development of the FDI sector in this country.

**FOREIGN DIRECT INVESTMENT (FDI) CONTINUES TO CHANGE RAPIDLY, WITH SOME IMPORTANT NEW SECTORS EMERGING, WHICH COULD HAVE ENORMOUS POTENTIAL FOR IRELAND.**

# A VISION FOR IRELAND

## TO BE A WORLD-LEADING SOCIETY REFLECTED BY –

- A knowledge-based economy with world class infrastructure
- At the forefront of technological innovation
- One of the top three most competitive countries in the world
- People committed to lifelong learning
- A socially inclusive and cohesive multicultural nation
- The highest environmental standards

# MISSION STATEMENT - IDA IRELAND

"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."



# STATISTICS UPDATE

**THE FOLLOWING TABLES GIVE A COMPREHENSIVE SET OF DATA IN RELATION TO IDA ACTIVITY AND ALSO UPDATE HISTORIC DATA TO ENABLE YEAR ON YEAR COMPARISONS**

## NEW JOBS BY SECTOR IN IDA SUPPORTED COMPANIES

SECTOR	1998	1999	2000	2001	2002
International and Financial Services	7,179	8,465	9,418	6,884	5,681
Electronics and Engineering	6,959	6,870	10,981	4,136	3,868
Pharmaceuticals and Healthcare	1,153	1,566	1,370	1,479	1,525
Miscellaneous Industry	668	733	1,069	783	669
<b>TOTAL</b>	<b>15,959</b>	<b>17,634</b>	<b>22,838</b>	<b>13,282</b>	<b>11,743</b>

Source: Forfás Employment Survey

**Note 1:** New jobs means 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

## ECONOMIC IMPACT OF IDA SUPPORTED COMPANIES

	2000 € billion	2001 € billion	% Change 2000/2001
Sales	€59.64bn	<b>€65.32bn</b>	+ 9.5%
Exports	€54.43bn	<b>€60.02bn</b>	+ 10.3%
Direct Expenditure in the economy	€14.33bn	<b>€15.91bn</b>	+ 11.0%
of which:			
Payroll costs	€4.74bn	<b>€5.30bn</b>	+ 11.8%
Irish materials	€5.05bn	<b>€5.49bn</b>	+ 8.7%
Irish services	€4.55bn	<b>€5.12bn</b>	+ 12.5%
Direct Expenditure as % of Sales	24.0%	<b>24.4%</b>	+ 0.4%

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 IFSC companies).

**Note 2:** Results are based on companies responding to the survey in 2002 (grossed-up to reflect non-respondents). Results can vary from previous estimates due to revisions made by companies and differences in the base of respondents from one survey period to the next.

## EMPLOYMENT IN IDA SUPPORTED COMPANIES

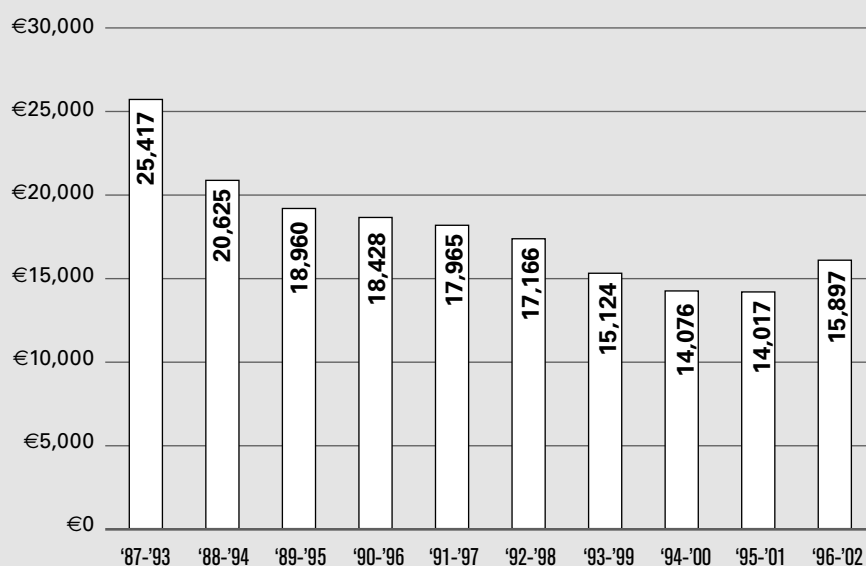
Ten-year history of job creation, job losses and net change

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
New jobs filled	8,169	9,906	11,935	13,194	14,682	15,959	17,634	22,838	13,282	<b>11,743</b>
Number of companies	875	910	964	1,042	1,106	1,165	1,276	1,262	1,158	<b>1,094</b>
Full time employment	81,104	85,542	92,346	99,468	109,113	117,754	126,127	140,896	136,448	<b>133,246</b>
Net change in full time employment	2,544	4,438	6,804	7,122	9,645	8,641	8,373	14,769	- 4,448	<b>-3,202</b>
% Net change		+5.5%	+8.0%	+7.7%	+9.7%	+7.9%	+7.1%	+11.7%	-3.2%	<b>-2.3%</b>
Job losses	-5,625	-5,468	-5,131	-6,072	-5,037	-7,318	-9,261	-8,069	-17,730	<b>-14,945</b>
Job losses as % of total jobs	-6.9%	-6.4%	-5.6%	-6.1%	-4.6%	-6.2%	-7.3%	-5.7%	-13.0%	<b>-11.2%</b>
Other employment	5,375	9,023	11,580	9,488	13,534	15,178	15,652	14,797	12,389	<b>12,248</b>

Source: Forfás Annual Employment Survey 2002.

## COST PER JOB SUSTAINED IN IDA SUPPORTED COMPANIES

Constant 2002 prices



Source: Forfás Annual Employment Survey 2002.

**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.

## TOTAL EMPLOYMENT IN IDA SUPPORTED COMPANIES - BY REGION

AREA/REGION	1998	1999	2000	2001	2002	% CHANGE 2001/2002
<b>BORDER</b>						
North-West/Donegal	6,558	5,591	5,532	5,569	<b>5,773</b>	+ 3.7%
North-East	4,973	4,976	5,227	4,109	<b>3,997</b>	- 2.7%
<b>WEST &amp; MID-WEST</b>						
West	10,879	10,980	12,895	12,872	<b>11,638</b>	- 9.6%
Mid-West	12,002	13,158	14,371	13,741	<b>11,874</b>	- 13.6%
<b>MIDLANDS &amp; EAST</b>						
Midlands	6,434	5,974	6,094	5,863	<b>5,708</b>	- 2.6%
East	52,137	59,178	67,287	63,612	<b>63,849</b>	+ 0.4%
<b>SOUTH</b>						
South-West	15,016	16,393	19,647	20,306	<b>19,525</b>	- 3.8%
South-East	9,755	9,877	9,843	10,376	<b>10,882</b>	+ 4.9%
<b>TOTAL</b>	<b>117,754</b>	<b>126,127</b>	<b>140,896</b>	<b>136,448</b>	<b>133,246</b>	<b>- 2.3%</b>

Source: Forfás Employment Survey.

### ORIGINS OF IDA SUPPORTED COMPANIES

US	507
Germany	148
UK	129
Rest of Europe	216
Asia Pacific	55
Other	39
<b>TOTAL</b>	<b>1,094</b>

### TOTAL EMPLOYMENT IN IDA SUPPORTED COMPANIES - BY SECTOR

SECTOR	1998	1999	2000	2001	2002	% CHANGE
Electronics and Engineering	60,645	63,224	70,771	64,242	<b>60,889</b>	-5.2%
International and Financial Services	27,047	33,705	40,497	42,945	<b>43,193</b>	+0.6%
Pharmaceuticals and Healthcare	16,047	17,015	17,837	18,549	<b>18,965</b>	+2.2%
Miscellaneous Industry	14,015	12,183	11,791	10,712	<b>10,199</b>	-4.8%
<b>TOTAL</b>	<b>117,754</b>	<b>126,127</b>	<b>140,896</b>	<b>136,448</b>	<b>133,246</b>	<b>-2.3%</b>

Source: Forfás Employment Survey

Note : Sectors are defined by NACE code, which is the standard statistical

# STATISTICS UPDATE

# ACHIEVING PROGRESS...

There are many elements to the work of IDA Ireland and in the following pages we highlight a number of areas of activity and illustrate some of the success stories for 2002.

---

**DELIVERING TO THE REGIONS**

---

**QUALITY AND SKILLS THE PRIORITY**

---

**THE PROCESS OF RENEWAL**

---

**GROWING CLUSTERS IN IRELAND**

---

**R&D AND INNOVATION CRUCIAL TO THE FUTURE**

---

**WORLD LEADING ACTIVITIES**

---



# DELIVERING TO THE REGIONS

We also need to redress regional imbalances and IDA has prioritised this in our strategy and structure.

**T**he announcement by MBNA in July 2002 of the expansion of its Carrick-on-Shannon operations centre is a prime example of the type of investment which will help to deliver significant development and growth throughout the North-West region.

The company originally established its operations in Carrick-on-Shannon in 2001 and decided to expand there because of their success in recruiting a quality and educated workforce in the North-West region and also because of the positive feedback and co-operation which the local community gave to the company – "people who like people" as MBNA would say.

MBNA commenced operations at their high profile, purpose built 65,000 sq ft facility by mid-2001 and by year end had 330 employees, including 70 staff re-locating from their Dublin office. The company filled their vacancies through unsolicited applications and a local advertising campaign. In July 2002 MBNA announced the creation of an additional 500 jobs over five years in a further €32 million investment in extended buildings, telecommunications and information technology infrastructure.

## MBNA BACKGROUND

*MBNA is the world's largest independent credit card lender and the leading issuer of endorsed credit cards, with a managed loan portfolio of \$US106 billion at the end of Quarter 1, 2003. It is headquartered in Delaware and employs 28,000 staff worldwide with customer support centres in the US, Canada, UK, Ireland and Spain.*

At this point in time MBNA's expansion is progressing rapidly, with over 750 people employed in Carrick-on-Shannon, mainly servicing the UK market but also with some support for the US and Ireland customers. Activities include inbound and outbound telemarketing, marketing, customer service, credit decisioning and administration. While over 70% of the workforce is from Leitrim and Roscommon, the company has workers travelling from within a forty mile radius each day.

MBNA adds a significant flagship service enterprise to the regional economy, which has traditionally relied on manufacturing enterprises, thereby providing a better mix of employment opportunities. This reverses the traditional balance of migration by providing quality career opportunities for the region's young people. This expansion also cements the company's commitment and roots in the region, which is a priority Objective One area.



## QUALITY AND SKILLS THE PRIORITY

The prime requirement is for high value added investments based on high skills' levels, and the new Genzyme Corporation facility in Waterford, which opened in 2002, is one example of such investment in the biopharmaceuticals sector.

**S**ince the Genzyme Corporation investment was announced in May 2001 not a moment was lost in moving the project forward and the company opened its facility in 2002 on schedule. Genzyme chose to locate the project in the former Luxottica (Rayban) sunglasses factory in Waterford. The existing building gave the opportunity of an early start up in production and the adjoining IDA land allowed room for future expansion.

Today the existing building is fully fitted out as a solid dosage tableting facility. An Irish Medicines Board manufacturing license has been obtained and production commenced. The plant is manufacturing Renagel, a new and very successful product used as a phosphate binder with dialysis patients to improve their quality of life. Unlike other dialysis treatments Renagel achieves the phosphate binding effect without increasing the level of calcium in the blood stream. The plant is now going for FDA approval in order to supply Renagel to the US market.

A 3,000 sq. ft. development facility has also been built and this will undertake new product development work on later generation Renagel products and other gel based

**GENZYME AS A LEADING  
BIOPHARMACEUTICALS  
COMPANY PRESENTS NEW  
AND CHALLENGING  
CAREER OPPORTUNITIES  
FOR LIFE SCIENCE  
GRADUATES**

pharmaceutical products. Genzyme has a number of biopharmaceutical products for the treatment of rare genetic diseases including Gaucher, Pompe and Fabry. A further product in development, codenamed CAT-192, is in Phase II clinical trial. This is a monoclonal antibody product for the treatment of Schleroderma, a life threatening auto-immune disorder that affects hundreds of thousands of individuals and for which there is currently no effective treatment.

As the start-up was progressing planning permission was also obtained for a biopharmaceutical sterile fill/finish facility to be located on the adjoining site, which had been bought from IDA. Construction of this facility is now well advanced and will be completed in December 2003. Due to the complex nature of these biological products a lot of work has to be done before production can commence. Validation of the facility will take a year and regulatory approval will take a further six months with final production planned to start in the third quarter of 2005.

The start up of the tableting facility and construction of the fill/finish facility is progressing on target. Senior management were in place by the end of 2001 and active recruitment at all grades is currently underway. Employment in Genzyme Ireland is now 100 and this is projected to grow to 250 by the end of 2004.

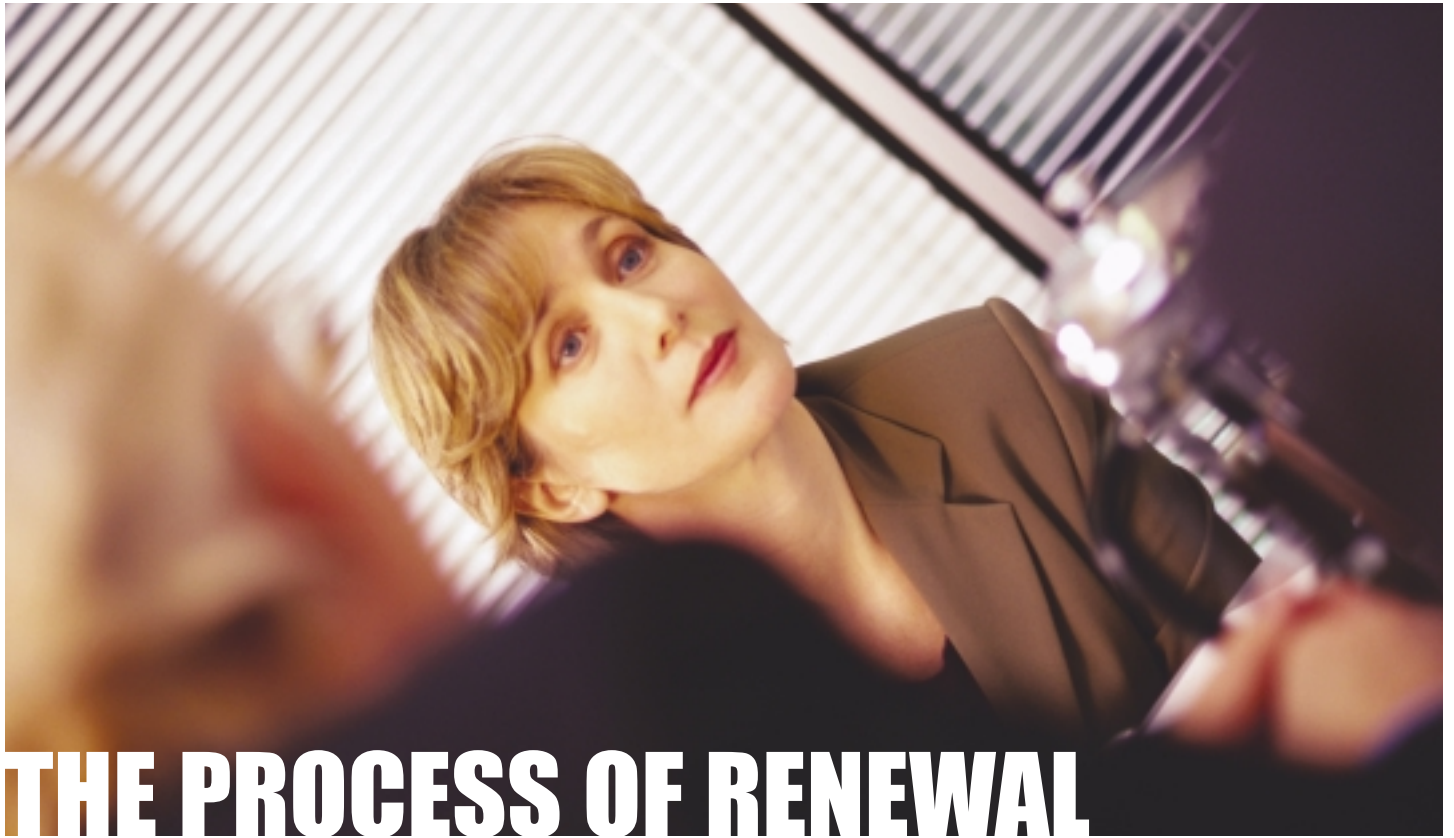
Genzyme as a leading biopharmaceuticals company presents new and challenging career opportunities for life science graduates in Waterford. The company has experienced a positive response to its recruitment drives to date. Genzyme Ireland has integrated very well into the community in Waterford. Many services are sourced locally. Its new graduate employees are coming from the local Waterford Institute of Technology (WIT) as well as Universities and Institutes of Technology throughout the country. Discussions have commenced with WIT in terms of tailoring courses to suit the needs of Genzyme Ireland.

Due to Genzyme's arrival in the city Waterford Regional Hospital is the first hospital in Ireland where 100% of dialysis patients are on Renagel treatment.

Genzyme Corporation of Cambridge Massachusetts is the fourth largest independent pharmaceutical biotechnology company in the world. Founded in 1981 by Dr. Henry Termeer, Genzyme employs 5,500 people in 60 manufacturing and trading operations throughout the world.

Genzyme Corporation has three divisions, each of which has its own common stock quoted on the Nasdaq stock exchange. These divisions are Genzyme Biosurgery, Genzyme Molecular Oncology and Genzyme General.

Genzyme Ireland is a subsidiary of Genzyme General the largest and more commercial division with sales in 2002 of \$1,080 million and profits of \$178.5 million.



## THE PROCESS OF RENEWAL

Another requirement in IDA's work is for investments that meet replacement needs, as existing operations reach the end of their life cycle.

In the area of foreign direct investment there is a constant flow of job losses and job renewals. This happens irrespective of global growth or recession. For example, in the late nineties when the economy was growing at an astonishing rate there was a constant stream of job losses, averaging around 6% per annum. In slower periods that percentage can be greater. This process is a natural part of the business lifecycle and also reflects the changing nature of the Irish and the world economy. In Ireland's case, where there is a low unemployment rate, it is also a necessary part of the development process as the older businesses or redundant products need to make room for the newer enterprises. The workforce continuously needs greater challenge and reward to sustain a higher living standard through higher value-added activity.

This cyclical pattern is occurring throughout the country and Galway is one example where there is a constant challenge to replace lost jobs with newer and usually more advanced employment. In 2001 and 2002 in Galway there were approximately 2,000 jobs lost out of a total of 17,000 employed in IDA assisted companies. Companies such as Crown Equipment, who manufacture machinery for mining, quarrying and construction, shed a number of jobs because firstly their products were reaching the end of their life cycle and secondly the labour intensive environment around which the business was structured was not sustainable in the long term. Nortel is another example of a company that experienced job losses in recent times. The Galway plant produces

**THE WORKFORCE  
CONTINUOUSLY NEEDS  
GREATER CHALLENGE AND  
REWARD TO SUSTAIN A  
HIGHER LIVING STANDARD  
THROUGH HIGHER VALUE-  
ADDED ACTIVITY.**

telecommunications equipment but as part of securing a more sustainable future the company is in the process of switching focus from manufacturing to development. This is bringing the company up through the value chain and making the Galway operations more sustainable.

But Galway remains a very attractive location for foreign investors and is winning some high quality investments to replace the jobs being lost. In 2002, for example:

- Churchill Insurance, established a customer interaction centre creating 600 jobs
- MICROS systems established a shared services centre creating 180 jobs
- NetIQ set up an operations centre creating 180 jobs
- Abbott Vascular Devices began operations to produce medical devices that will create over 600 jobs
- American Power Conversion Corporation also established their European R&D Centre in Ireland at its European headquarters in Galway, moving their focus through the value chain.

Medtronic is another example of a company bringing substantial new employment to Galway during 2002. Medtronic is in the process of establishing a new stand-alone R&D and manufacturing centre-of-excellence for its Cardiac Rhythm Management Division. The plant will take projects from initial concept to production. The investment is expected to create 400 new jobs over the next five years and is one of the most important medical devices investments in Ireland, increasing the Galway plant's value and role in the company's global business. The jobs require a mix of skills across a range of technology and science areas. Over recent years, Medtronic has utilised the excellent third level infrastructure in Galway and has developed close working relationships with universities and technical institutes in the areas of education and technical support.

***These examples of both job losses and gains clearly illustrate the constant change in jobs in foreign companies in Galway and are indicative of any part of the country at any time. The key issues for any location to continue securing new investment is to have a skilled labour force, suitable infrastructure and business services and be an attractive place to live.***

There are many reasons for Galway's attractiveness to potential investors. Firstly there is an established critical mass of high quality investments. The presence of such companies generates what can be termed the "flagship" effect and raises the profile and the credibility of the location. This has led to a wide-ranging community of investors locating in Galway particularly spurred by the excellent third level infrastructure; including the National University of Ireland Galway and the Galway Mayo Institute of Technology.



---

Developing clusters of excellence where companies, business service providers, and those in education and research, network together to create a climate of innovation and entrepreneurship is a key area of IDA activity. One sector where significant progress was made on this clustering concept in 2002 is the healthcare sector.

---

**T**he healthcare sector continues to develop and expand, and most importantly is deepening its roots in the economy, adding significant front-end activity including important R&D functions in Ireland. One prime example of such growth in 2002 was the decision by Abbott, one of the leading companies in the world in this sector, to establish a major new centre for the development and manufacture of a range of vascular medical devices, in Galway, employing 600 people.

A strong and sophisticated sub-supply and sub-contract manufacturing capability has emerged to support the sector's development. Overseas healthcare companies are attracted into Ireland assured by the presence of key suppliers who are capable of meeting their exacting requirements. Industry-specific services and capabilities across the value chain such as design, research and development, proof of concept, manufacturing excellence, packaging, printing, logistics, and sterilisation can all be sourced in Ireland on a one stop shop basis. An example of such a sub-supply company is Fort Wayne Metals, a leader in medical wire technology which, during 2002,

**THE HEALTHCARE SECTOR  
CONTINUES TO DEVELOP  
AND EXPAND, AND MOST  
IMPORTANTLY IS  
DEEPENING ITS ROOTS IN  
THE ECONOMY**

established a greenfield manufacturing and research & development operation at Castlebar employing 80 people, adding to the range of such companies in Ireland.

Also critical to the ongoing development of the sector and to the emergence of Ireland as a premier, world-class location for healthcare has been the responsiveness of Ireland's third level education and training institutions. The convergence of the academic capabilities of these colleges with the needs of Ireland's healthcare companies has helped to ensure the success of these companies in Ireland.

Educational institutions have forged the necessary links with the industry to design the courses relevant to the sector and also to provide the essential research support, particularly vital at the proof of concept stage. The National Centre for Biomedical Engineering Science, at the National University of Ireland, Galway, along with a number of other specialist centres - such as the National Polymer Centre in Athlone, the Toolmaking Centre in Sligo, and the National Microelectronics Research Centre in University College Cork - are helping to create the right regional support infrastructures required so that companies can initiate in Ireland the important research and development activity needed to sustain and grow their businesses.

We are confident that the sector continues to deepen its structure and depth in Ireland as is reflected by the growing levels of R&D activity in these companies. Over half of them now have some research or development activity. A notable example of this in 2002 was the establishment by Bausch and Lomb, in Waterford, of a development centre for its new implantable intravitreal drug delivery system, for the treatment of blinding back-of-the-eye diseases. This involves an investment of a further €6.3 million by the company and the creation of 30 new jobs for highly skilled people.

Healthcare companies in Ireland are also augmenting their manufacturing and R&D activities with centralised shared services, customer support and marketing activities. During 2002, for example, Advanced Medical Optics (AMO) established financial shared services centres in Westport and Dublin employing 60 people. GN Resound, a leader in digital hearing aid technology, added its global supply chain management group to its existing manufacturing facility in Cork, where it employs over 200 people.

Today up to 18,000 people are employed in the healthcare sector in Ireland, a growth of 10% in the past year and the sector compares favourably with the key medical device clusters worldwide such as in Minneapolis, California and Massachusetts. The sector is very diversified, with products ranging across large capital items such as laser, ventilator and diagnostic equipment through vascular, orthopaedic, ophthalmic, renal and diagnostic products, to electronic devices such as hearing aids.



Creating new knowledge-based industries, especially promoting the R&D and innovation capacity in the economy, is a key element of IDA strategy.

#### DOW CORNING BACKGROUND

*Dow Corning is a privately held company founded in 1943 as a joint venture between Dow Chemical and Corning Glass Works. Dow Corning develops and manufactures silicone-based products such as adhesives, insulating materials, and lubricants for aerospace, automotive and electronic uses. Headquartered in Midland, Michigan the company employs more than 8,000 people globally.*

**T**he Dow Corning investment, announced in 2002 for Midleton in Cork, is an example of the high-value, research-led investment IDA seeks for the future. A research and development operation projected to employ 60 people, Dow Corning's focus is on using plasma technology to develop equipment and processes to apply coatings that modify surfaces.

Dow Corning is one of the world's leaders in conventional coating technology. In recent times, this technology has been evolving to encompass high tech surface depositions through chemical or physical vapour depositions (plasma). A feature of the technology is that the processes are undertaken in vacuum, or near vacuum conditions, and to date as such has been limited to batch processing. This is extremely costly and has not been applicable in a continuous process such as coating roll-to-roll materials like textiles, films, sheets, and fibres. The Irish project is aimed at developing continuous processes and equipment that will enable plasma-based coating of materials in a cost-effective manner.

The key technological challenge has been to combine the technologies of

**“OUR IRISH EMPLOYEES ARE WELL QUALIFIED, SELF-STARTING, DRIVEN AND INNOVATIVE. THIS HAS LED TO THE CREATION OF THE NECESSARY MIX OF ENTREPRENEURSHIP AND TECHNOLOGY REQUIRED TO DRIVE THIS BUSINESS”**

**DAN FUTTER**

Managing Director Dow Corning, Cork

Atmospheric Pressure Glow Discharge Equipment (APGD) with Atmospheric Pressure Plasma Liquid Deposition (APPLD).

APGD had not been applied commercially, due to many engineering challenges that needed to be overcome to generate a homogeneous, large area glow discharge. An Irish start-up company, Plasma Ireland, developed patented prototype equipment capable of generating large area, cool, homogeneous atmospheric pressure glow discharge and demonstrated that plasma sources over two metres in width were achievable.

APPLD is a new and patented method of plasma coating owned by Dow Corning that was developed as part of a collaborative research project between Dow Corning and Prof. Jas Pal Badyal at the University of Durham, UK.

Dow Corning, as part of this project, acquired the proprietary engineering solution, which had been developed by Plasma Ireland and combined it with its own plasma coating technology. To date Dow Corning has spent almost €4 million on the Cork enterprise and the Irish based research team has successfully integrated the technologies and produced a working production scale prototype, which is currently being tested by a leading European company.

**ACCORDING TO DAN FUTTER, MANAGING DIRECTOR OF DOW CORNING IN CORK, THE MAIN REASONS DOW CORNING CHOOSE TO LOCATE IN IRELAND INCLUDED:**

- The high calibre people whom the company found - well qualified, self-starting, driven and innovative.
- Ireland’s tax environment including the taxation treatment of licence revenue, patent and trading income.
- The University network and the company’s ability to form links with both colleges and research institutes such as the National Microelectronics Research Centre in Cork. (NMRC)
- The availability for acquisition of some of the assets of Plasma Ireland, a young Irish start-up company with links to the NMRC.

The successful development of this technology for a specific commercial application is a world first and opens up a range of other potential applications across many other sectors from electronics to textiles.

The quality of this project is evidenced not only by the technology challenges being addressed but also by the skills mix of the team involved. Over 90% of staff are third level graduates, 65% are technically qualified and almost 20% will be PhD’s.



Identifying and building niches where Ireland can be a leader is an important element of IDA's strategy. The objective is to create a dynamic for innovation in niches that will, in time, make Ireland a world leading location.

**IDEALLY, IRELAND SHOULD BE A KEY CENTRE IN THE CREATION OF NEW VALUE CHAINS.**

**O**ne sector where Ireland has the potential to take a leading position is in specialised software used to bring together and manage telecommunications, internet and computer systems known as Communications Management Software (CMS). This software enables a wide range of products and services to be accessed on a variety of devices such as mobile phones, computers and personal digital assistants (PDA's). It also enables the technology, whether mobile or fixed, to track and provide the monitoring, billing, customer services and any other needs, irrespective of location. CMS will provide significant business opportunity into the future, as the sector is driven by service requirements and as technology in wireless, access devices, the Internet and IP services continue to develop.

There are 4,500 people engaged in developing CMS products in over 40 indigenous and overseas-owned companies in Ireland and in research in third level institutions working in areas including Operations Support Services, Business Support Services, Customer Relationship Management and Systems Integration. The cluster includes recognised

**IDA THROUGH ITS ON-GOING MARKETING AND ITS RECENTLY LAUNCHED STRATEGIC COMPETITIVENESS PROGRAMME (SCP) IS TARGETING NEW DEVELOPMENTS**

global leaders such as Motorola, Nortel, Ericsson, Lucent, Vodafone, Sun, ADC Software and Irish companies such as Cape Technologies, Am Beo, Comnitel and Iona among others.

IDA is working in partnership with the leading enterprises in Ireland in this industry and with academia and other state agencies to maximise Ireland's potential in this sector. A CMS forum of multi-national and Irish companies has been formed, along with a CMS website, to pool ideas and methodologies. Research in CMS at third level is being funded by Science Foundation Ireland (SFI).

IDA through its on-going marketing and its recently launched Strategic Competitiveness Programme (SCP) is targeting new developments in this area.

An example of the growth in the CMS software cluster is Ericsson repositioning its operations in Ireland as a key design hub for radio network management and as a leading edge research group for next generation mobile solutions. Ericsson Ireland has established an applied research laboratory involved in the management and control of radio networks for next generation Internet-enabled applications, including peer-to-peer and ad-hoc networks. Ericsson is also currently consolidating all Group Operations Support Services (OSS) testing in Athlone.

ADC in Galway is another example of growth in this business. IDA has assisted ADC in Galway to undertake research into key component areas of telecommunications network management – billing and performance management. The research group is working on solutions across a range of products and services, including a performance-engineering centre, to support benchmarking on the next generation of products. ADC Galway is part of a global company that provides network equipment software and systems integrations services for high-speed Internet data, video and voice services.

In seeking to build strong clusters such as this, we are prioritising areas which have:

- Solid identifiable competence in Irish and foreign industry
- Recognised quality in our educational and research institutions
- Potential based on competencies, which may be transferrable and not readily substituted
- A pivotal position, with wider impact and commercial value to other sectors
- Sufficient scale to create economic impact
- Good fit with the National Development Plan

Other areas where we are currently working on niche opportunities include Life Sciences, Digital Media and Wireless areas.

# FINANCIAL STATEMENTS

---

**REPORT OF COMPTROLLER AND AUDITOR GENERAL - JOHN PURCELL**

---

**STATEMENT OF INTERNAL FINANCIAL CONTROL – JOHN DUNNE**

---

**STATEMENT OF BOARD MEMBERS RESPONSIBILITIES**

---

**BASIS OF ACCOUNTING**

---

**ACCOUNTING POLICIES**

---

# INDUSTRIAL DEVELOPMENT AGENCY (IRELAND)

## REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements on pages 30 to 45 under the Industrial Development Act, 1993.

### **Respective Responsibilities of the Agency and the Comptroller and Auditor General**

The accounting responsibilities of the Board of the Agency are set out in the Statement of Board Members' Responsibilities on page 29. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me by the Agency and to report on them.

I review whether the statement on page 28 reflects the Agency's compliance with applicable guidance on corporate governance 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.

### **Basis of Audit Opinion**

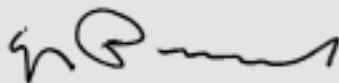
In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures 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 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, proper books of account have been kept by the Agency and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Industrial Development Agency (Ireland) at 31 December 2002 and of its income and expenditure and cash flow for the year then ended.



**John Purcell**

*Comptroller and Auditor General*

21 May 2003

# STATEMENT OF INTERNAL FINANCIAL CONTROL

On behalf of the Board of Directors 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 the regular reporting on the results achieved*
- *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 of Directors*

- *regular reviews by the Board of Directors 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 a quarterly basis to review reports prepared by Internal Audit and other departments. The Audit 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 on 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 with the assistance of consultants with expertise in the area of risk assessment. 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.

It is the Board's opinion that an effective system of Internal Financial Control operates within the Agency. This view is affirmed by:

- *a review carried out in 2002 of the range of financial controls in place*
- *internal audit reports commissioned by the Audit & Finance Committee*
- *reports prepared by the Agency's Finance Department*

On behalf of the Board

**John Dunne**  
Chairman

# 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 enables 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*

**Nial Ring**  
*Chairman, Audit and Finance Committee*

# BASIS OF ACCOUNTING

**(1) 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.**

**(2) 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.

**(3) Telecommunication Assets comprise:**

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

**(4) Investments consist entirely of equity investments.**

**(5) 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.
- (b) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants and charges for the use of Undeveloped Lands.
- (c) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not been received, and the provision of other services.
- (d) Amounts due in respect of the disposal of telecommunication assets.

**(6) 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.
- (d) Amounts due in respect of the purchase of telecommunication assets.

**(7) By way of memorandum Income and Expenditure in respect of Industrial Property transactions are set out in note 23 to the Financial Statements.**

# ACCOUNTING POLICIES

## (1) Income recognition

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

## (2) Carrying Amounts, Depreciation and Provisions for Impairment

- (a) The carrying amounts for telecommunication assets and tangible fixed assets, other than land, 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 do 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 do 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.

## (3) 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. A further general provision is maintained.

## (4) 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.

## (5) Grants Payable

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

## (6) 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.

## (7) Operating Leases

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

## (8) 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.

## (9) Telecommunication Assets Reserve

Profits arising on the disposal of telecommunication assets are not realised until such time as the consideration price is received. Unrealised profits are transferred to a special Telecommunication Assets Reserve pending receipt of the consideration. If subsequently any part of the profit is deemed unrealisable, the reserve account will be reduced by the transfer of a similar amount to the Operating Account.

## (10) Superannuation

All IDA staff are employees of Forfás and are seconded to the Agency by Forfás. Under Sections 2 and 3 of the Second Schedule of the Industrial Development Act, 1993, Forfás is responsible for all employee pension entitlements. Forfás is also responsible for pension reporting requirements, including those set out under FRS 17. IDA makes contributions to Forfás in respect of staff seconded. These contributions are dealt with in the Operating Account in the period to which they relate.

# OPERATING ACCOUNT

FOR YEAR ENDED 31 DECEMBER 2002

	Notes	2002 €'000	2001 €'000
<b>Income</b>			
Oireachtas Grants	1	124,506	141,668
National Training Fund	1(b)	4,406	2,539
EU Structural Funds	2	-	5,671
EU & Exchequer Co-Funded Research Technology and Innovation (RTI) for Industry Programme	3	2,180	-
eBusiness Acceleration Fund Initiative	4	725	-
Grant Refunds		41,806	21,419
Rental Income		2,764	5,904
Less Rental Income received from Enterprise Ireland Clients	5	(325)	(1,347)
Other Income	6	1,111	1,756
Profit on Disposal of Assets	7	19,693	33,783
		<b>196,866</b>	<b>211,393</b>
<b>Expenditure</b>			
Grants Payable	8	118,451	109,015
Promotion and Administration	9	43,423	31,360
Industrial Building Charges	10	3,216	6,211
Depreciation Charges and Provisions	11	34,889	11,569
		<b>199,979</b>	<b>158,155</b>
<b>Net Operating (Deficit)/Surplus for Year</b>		<b>(3,113)</b>	<b>53,238</b>
Contribution to the Exchequer	12	-	(33,931)
Transfers to other State Bodies		-	(2,953)
Balance at 1 January		17,563	12,284
Transfer from Telecommunication Assets Reserve	13	3,240	-
Transfer (to)/from Capital	14	709	(11,075)
Balance at end of Year		<b>18,399</b>	<b>17,563</b>

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 Basis of Accounting, Accounting Policies, Cash Flow Statement and Notes 1 to 26 form part of these Financial Statements.

On behalf of the Board:

**John Dunne**  
Chairman

**Sean Dorgan**  
Chief Executive

**Nial Ring**  
Chairman, Audit and Finance Committee

# BALANCE SHEET

AS AT 31 DECEMBER 2002

	Notes	2002 €'000	2001 €'000
<b>Tangible Fixed Assets</b>			
Industrial Property	15	205,839	181,537
Other Fixed Assets	16	2,383	1,573
		<b>208,222</b>	<b>183,110</b>
<b>Intangible Assets and Investments</b>			
Telecommunication Assets	17	3,108	28,929
Investments	18	2,489	2,489
<b>Total Tangible and Intangible Assets and Investments</b>		<b>213,819</b>	<b>214,528</b>
<b>Current Assets</b>			
Accounts Receivable	19	25,982	38,391
Cash at Bank and on hand		3,374	4,839
		<b>29,356</b>	<b>43,230</b>
<b>Current Liabilities</b>			
Accounts Payable	20	13,131	25,776
<b>Net Current Assets</b>		<b>16,225</b>	<b>17,454</b>
<b>Long Term Receivables</b>			
Accounts Receivable: amounts falling due after more than one year	19	2,174	3,349
<b>Net Assets</b>		<b>232,218</b>	<b>235,331</b>
<b>Representing:</b>			
Capital	14	213,819	214,528
Operating Account		18,399	17,563
Telecommunication Assets Reserve	13	-	3,240
		<b>232,218</b>	<b>235,331</b>

The Basis of Accounting, Accounting Policies, Cash Flow Statement and Notes 1 to 26 form part of these Financial Statements.

On behalf of the Board:

**John Dunne**  
Chairman

**Sean Dorgan**  
Chief Executive

**Nial Ring**  
Chairman, Audit and Finance Committee

# CASH FLOW STATEMENT

FOR YEAR ENDED 31 DECEMBER 2002

	Notes	2002 €'000	2001 €'000
<b>Reconciliation of Net Operating Surplus to net cash inflow from operating activities</b>			
Net Operating (Deficit)/Surplus for Year		(3,113)	53,238
Depreciation Charges:			
- Industrial Property	11	8,337	6,052
- Fixed Assets and Intangible Assets	11	5,552	5,517
Expenditure Capitalised	9 (a)	(549)	(338)
Provisions for impairment:			
- Telecommunications Assets	11	21,000	-
Profit on Disposal of Assets	7	(19,693)	(33,783)
Bank Interest and Dividends Received	6	(305)	(778)
(Increase)/decrease in Accounts Receivable amounts falling due within one year		12,409	(359)
(Decrease)/increase in Accounts Payable		(12,645)	(5,654)
Decrease/(increase) in Accounts Receivable amounts falling due after more than one year		1,175	15,291
(Decrease)/increase in Accounts Payable amounts falling due after more than one year		-	(15,525)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>12,168</b>	<b>23,661</b>

## CASH FLOW STATEMENT

<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>12,168</b>	23,661
Contribution to the Exchequer	12	-	(33,931)
Returns on Investment and Servicing of Finance	24 (a)	305	778
<b>Capital expenditure and financial investment</b>			
Acquisitions	24 (b)	(41,630)	(36,585)
Disposals	24 (c)	27,692	45,109
Net capital expenditure and financial investment		(13,938)	8,524
<b>Cash inflow/(outflow) before use of financing</b>		<b>(1,465)</b>	<b>(968)</b>
Financing	24 (d)	-	-
<b>Increase/(Decrease) in cash for the period</b>		<b>(1,465)</b>	<b>(968)</b>

<b>Reconciliation of net cash flow to movement in net funds</b>	24 (e)	-	-
Change in net debt resulting from cash flows			
Net funds at 31 December		3,374	4,839
Net funds at 1 January		4,839	5,807
<b>Movement in net funds in the period</b>		<b>(1,465)</b>	<b>(968)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 1 OIREACTHAS GRANTS

- (a) The Oireachtas Grants are provided under Section 33 of the Industrial Development Act, 1998. The aggregate amount provided to IDA in the period 1 January 1994 to 31 December 2002 was €1,232m.

The Oireachtas Grants as shown in the Financial Statements consist of:	2002	2001
	€'000	€'000
Grant for Promotion and Administration Expenditure	31,062	29,029
Grant for Industry	69,772	85,835
Grant for Industrial Property	23,672	26,804
	<b>124,506</b>	<b>141,668</b>

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 IDA Oireachtas Grant in 2002 (2001 nil). The grant for Industrial Property in 2002 includes an amount of €20.155m (€23.287m in 2001) which was provided for the purpose of making payments under a contract for the acquisition of telecommunication assets.

### (b) National Training Fund

Training grants paid with a total value of €4.406m (€2.539m in 2001) were met with funds received through the Department of Enterprise, Trade and Employment from the National Training Fund.

## 2 EUROPEAN STRUCTURAL FUNDS

No European Structural Funds other than those dealt with in note 3 were received in 2002 (€5.671m in 2001).

## 3 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 under this fund are shown in note 8.

## 4 eBUSINESS ACCELERATION FUND INITIATIVE

The eBusiness Acceleration Fund has been established to fast track significant scale projects that transform existing businesses to trade and operate electronically. The fund is part of a comprehensive series of actions designed to accelerate eBusiness adoption by Irish based manufacturing and internationally traded services businesses. The fund is targeted at eBusiness projects, which are designed to position Irish companies for further growth and development. The initiative is funded by Oireachtas Grant and administered by Enterprise Ireland. Payments under this fund are shown in note 8.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 5 RENTAL INCOME

### (a) Enterprise Ireland

Rents received of €325k (€1.347m in 2001) represent rents received by IDA from Enterprise Ireland client companies. This amount was transferred to Enterprise Ireland in 2002 as required by the Department of Enterprise, Trade and Employment.

### (b) IDA Ireland

Gross rents receivable from client companies in 2002 was €2.439m (€4.557m in 2001) which includes Rent Reduction grants amounting to €127k (€368k in 2001) that are included in Grants Payable in note 8.

## 6 OTHER INCOME

	2002	2001
	€'000	€'000
Dividends	55	93
Bank Interest	250	685
Fee Income in respect of Undeveloped Lands	185	495
Interest on Industrial Property Sales	615	473
Sundry Income	6	10
	<b>1,111</b>	<b>1,756</b>

## 7 PROFIT ON DISPOSAL OF ASSETS

	2002	2001
	€'000	€'000
Consideration (net of fees and direct expenses)	27,692	45,109
Historical Cost	(13,514)	(22,921)
Write back of provision for impairment	374	3,568
Write back of provision for depreciation	5,141	8,027
	<b>19,693</b>	<b>33,783</b>

## 8 GRANTS PAYABLE

	2002	2001
	€'000	€'000
Existing Industries	7,166	14,726
New Skills and Technologies	66,507	26,543
Employment	37,480	59,448
Training	4,393	2,540
Industry Research & Development Scheme (Measure 1)	-	1,942
R & D Management Scheme (Measure 3)	-	388
Research Technology & Innovation Initiative	-	3,428
Research Technology & Innovation (RTI) for Industry Programme (see also note 3)	2,180	-
eBusiness Acceleration Fund Initiative (see also note 4)	725	-
	<b>118,451</b>	<b>109,015</b>

**9 PROMOTION, ADMINISTRATION AND GENERAL EXPENSES**

	2002	2001
<b>(a)</b>	€'000	€'000
Board Members' fees, expenses and remuneration	327	378
Other remuneration costs	18,375	17,906
Marketing, consultancy, promotions and advertising	5,646	4,779
General Administration	9,349	8,185
Audit Fee	40	37
Provision for Doubtful Debts	10,235	413
Less: Capitalisation of expenditure associated with industrial property development	(549)	(338)
	<b>43,423</b>	<b>31,360</b>
<b>(b)</b>	2002	2001
Other remuneration costs comprise:	€'000	€'000
Wages and Salaries	17,149	16,765
Social Welfare Costs - Employer's Contribution	671	533
Pension Costs - Employer's Contribution	555	608
	<b>18,375</b>	<b>17,906</b>

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 €10.253m. These leases will expire as follows:

	2002	2001
	€'000	€'000
within one year	57	232
in the second to fifth years inclusive	350	134
more than 5 years	9,846	8,437
	<b>10,253</b>	<b>8,803</b>

**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.

During 2002 VAT of €2.03m was recovered on industrial building charges by way of a claim made covering the period 1996 - 2000 as a result of a change in VAT legislation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 11 DEPRECIATION CHARGES AND PROVISIONS

	Notes	2002 €'000	2001 €'000
<b>Depreciation Charges</b>			
- Industrial Property	15	8,337	6,052
- Fixed Assets	16	731	696
- Telecommunication Assets	17	4,821	4,821
<b>Provisions for impairment</b>			
- Telecommunication Assets	17	21,000	-
		<b>34,889</b>	<b>11,569</b>

## 12 CONTRIBUTION TO THE EXCHEQUER

By agreement with the Department of Enterprise, Trade and Employment receipts from promotion and administration income, grant refunds, the sale of industrial property, and income derived from the sale of telecommunication assets to the extent that they exceed the Agency's expenditure requirements, are refundable to the Exchequer. No contributions were made to the Exchequer in 2002 (2001 grant refunds €7.452m, sale of industrial property €19.046m and sale of telecommunication assets €7.433m).

## 13 TELECOMMUNICATION ASSETS RESERVE

In accordance with the Agency's accounting policies, profits which were recognised on the disposal of telecommunication assets in previous years were treated as not realised pending receipt of the consideration. These unrealised profits were transferred to the Telecommunication Assets Reserve. Following a review of the valuation of the telecommunication assets (see Note 17) it is considered that no profit will be realised and the reserve has been written back.

	2002 €'000	2001 €'000
At 1 January	3,240	3,240
Transfer to Operating Account	(3,240)	-
At 31 December	-	3,240

## 14 CAPITAL

	Notes	2002 €'000	2001 €'000
At 1 January		214,528	203,453
<b>Transfer (to)/from Operating Account</b>			
- Industrial Property	15	24,302	17,690
- Other Fixed Assets	16	810	1,159
- Telecommunication Assets	17	(25,821)	(7,774)
At 31 December		<b>213,819</b>	<b>214,528</b>

**15 TANGIBLE FIXED ASSETS - INDUSTRIAL PROPERTY**

	Land	Site Development	Industrial Property Occupied under Leases	Vacant Industrial Property	Total
	€'000	€'000	€'000	€'000	€'000
<b>Cost</b>					
At 1 January	133,585	69,553	41,857	5,474	250,469
Additions	15,684	24,826	57	70	40,637
Transfers	-	-	(3,370)	3,370	-
Disposals	(3,705)	(4,112)	(5,445)	(108)	(13,370)
At 31 December	145,564	90,267	33,099	8,806	277,736
<b>Provision for Impairment</b>					
At 1 January	2,154	6,008	4,902	664	13,728
Charge for Year	-	-	-	-	-
Transfers	-	-	29	(29)	-
Disposals	(32)	(145)	(111)	-	(288)
At 31 December	2,122	5,863	4,820	635	13,440
<b>Depreciation</b>					
At 1 January	-	35,588	17,005	2,611	55,204
Charge for Year	-	7,216	966	155	8,337
Transfers	-	-	(933)	933	-
Disposals	-	(1,281)	(3,755)	(48)	(5,084)
At 31 December	-	41,523	13,283	3,651	58,457
<b>Net Book Amount</b>					
At 31 December	143,442	42,881	14,996	4,520	205,839
At 1 January	131,431	27,957	19,950	2,199	181,537
<b>Net Movement For Year</b>					24,302

- (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) Included in the cost of Industrial Property Occupied under Leases is €1.11m (€1.317m in 2001) being sales in the course of completion where title had not passed at 31 December 2002.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 16 OTHER FIXED ASSETS

	Motor Vehicles €'000	Office and Computer Equipment, Fixtures & Fittings €'000	Total €'000
<b>Cost</b>			
At 1 January	44	8,056	8,100
Additions	-	1,542	1,542
Disposals	-	(58)	(58)
At 31 December	44	9,540	9,584
<b>Depreciation</b>			
At 1 January	44	6,483	6,527
Charge for Year	-	731	731
Disposals	-	(57)	(57)
At 31 December	44	7,157	7,201
<b>Net Book Amount</b>			
At 31 December	-	2,383	2,383
At 1 January	-	1,573	1,573
<b>Net Movement For Year</b>			<b>810</b>

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 |

**17 TELECOMMUNICATION ASSETS**

Acting pursuant to a Government decision IDA Ireland, in conjunction with the Department of Public Enterprise (now the Department of Communication, 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. A portion of the capacity purchased by IDA has been sold to a number of service providers.

	2002	2001
	€'000	€'000
<b>Cost</b>		
At 1 January	38,571	41,946
Additions	-	-
Transfer to Other State Bodies	-	(3,375)
Disposals	-	-
<b>At 31 December</b>	<b>38,571</b>	<b>38,571</b>
<b>Provision for impairment</b>		
At 1 January	-	-
Charge for Year	21,000	-
Transfers to other State Bodies	-	-
Disposals	-	-
<b>At 31 December</b>	<b>21,000</b>	<b>-</b>
<b>Depreciation</b>		
At 1 January	9,642	5,243
Charge for Year	4,821	4,821
Transfers to other State Bodies	-	(422)
Disposals	-	-
<b>At 31 December</b>	<b>14,463</b>	<b>9,642</b>
<b>Net Book Amount</b>		
At 31 December	3,108	28,929
At 1 January	28,929	36,703
<b>Net Movement for Year</b>	<b>(25,821)</b>	<b>(7,774)</b>

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

At 31 December 2002 in accordance with accounting standards a review was undertaken of the carrying amount of telecommunication assets. The review gave rise to an impairment charge of €21m reflecting the global downturn in the value of telecommunication assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 18 INVESTMENTS

<b>Cost</b>	<b>€'000</b>
At 1 January	2,617
Disposals	(86)
<b>At 31 December</b>	<b>2,531</b>
<b>Provision for impairment</b>	
At 1 January	128
Disposals	(86)
<b>At 31 December</b>	<b>42</b>
<b>Net Book Amount</b>	
At 31 December	2,489
At 1 January	2,489
<b>Net Movement for Year</b>	<b>-</b>

## Investments

Company	Activity	Type of Share	Cost of Acquisition €'000	Provision on transfer of shares from Forfás €'000	Cost less Provision €'000
Container Graphics – (Manufacturing) Ltd.	Moulds & Precision Equipment	Preference	76	34	42
Critical Path Inc.	Software Development	Ordinary	6	-	6
Mitsui Denman Ltd.	Manganese Dioxide	Ordinary	559	-	559
Munekata Ireland Ltd.	Plastic Mouldings	Ordinary	286	286	-
PGM Ballscrews Ireland Ltd.	Screw Machine Products	Ordinary	268	268	-
Trimfold Ltd.	Envelopes	Preference	86	-	86
Wessel Industries Holdings Ltd.	Cable Manufacturers	Ordinary	1,924	-	1,924
<b>Gross Cost of Investments</b>			<b>3,205</b>	<b>588</b>	<b>2,617</b>
Trimfold Ltd. - Shares Redeemed			(86)	-	(86)
Munekata Ireland Ltd.– Transferred to Enterprise Ireland			(286)	(286)	-
<b>Historic Cost of Investments at 31 December 2002</b>			<b>2,833</b>	<b>302</b>	<b>2,531</b>

**19 ACCOUNTS RECEIVABLE**

	2002	2001
	€'000	€'000
<b>Amounts falling due within one year:</b>		
Accounts Receivable and Prepayments	7,773	8,790
Amounts due in respect of disposal of Telecommunication Assets	15,202	25,069
Amounts due in respect of disposal of Industrial Property	2,022	2,603
Amounts on deposit with Solicitors	336	1,034
Bank Interest	66	86
Other	583	809
	<b>25,982</b>	<b>38,391</b>
<b>Amounts falling due after more than one year:</b>		
Amounts due in respect of disposal of Industrial Property	2,174	3,349
	<b>28,156</b>	<b>41,740</b>

The amounts due of €2.174m in respect of disposal of Industrial Property have arisen due to the agreed consideration being paid by installments over periods of up to 10 years.

**20 ACCOUNTS PAYABLE**

	2002	2001
	€'000	€'000
<b>Amounts falling due within one year:</b>		
Accounts Payable and Accruals	10,091	7,012
Amounts due in respect of the acquisition of Telecommunication Assets	-	15,525
Grant Payment Accruals	2,177	2,582
Provision for amounts refundable in respect of uncompleted sales	863	657
	<b>13,131</b>	<b>25,776</b>

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 purchaser at 31 December 2002.

**21 COMMITMENTS**

It is estimated that future payments likely to arise from Grant Commitments amounted to €410m as at 31 December 2002.

Capital Commitments outstanding at 31 December 2002 on contracts for the acquisition and development of Industrial Property amounted to €19.974m.

# NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2002

## 22 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 2002.

## 23 INDUSTRIAL PROPERTY INCOME AND EXPENDITURE

	Notes	2002 €'000	2001 €'000
<b>Income:</b>			
Oireachtas Grant		3,517	3,517
Rental Income IDA Ireland Client Companies		2,439	4,557
Fee Income in respect of Undeveloped Lands		185	495
Interest on Sales		615	473
Profit on Disposal of Industrial Property		23,014	33,697
		<b>29,770</b>	<b>42,739</b>
<b>Expenditure:</b>			
Promotion and Administration		2,232	2,049
Depreciation Charges and Provisions		8,337	6,052
Industrial Building Charges	10	3,216	6,211
		<b>13,785</b>	<b>14,312</b>
Net Movement for Year		15,985	28,427
Contribution to the Exchequer	12	-	(19,046)
Transfer from Capital	14	(24,302)	(17,690)
Contribution to/(from) Promotion and Administration activities		(8,317)	(8,309)

**24 GROSS CASH FLOWS**

	Notes	2002 €'000	2001 €'000
<b>(a) Returns on Investment and Servicing of Finance</b>			
Dividends		55	93
Bank Interest		250	685
		<b>305</b>	<b>778</b>
<b>(b) Capital expenditure and financial investment - Acquisitions</b>			
Purchase of tangible fixed assets - Industrial Property	15	(40,637)	(35,068)
Expenditure Capitalised	9(a)	549	338
Purchase of Other Fixed Assets	16	(1,542)	(1,855)
		<b>(41,630)</b>	<b>(36,585)</b>
<b>(c) Capital expenditure and financial investment - Disposals</b>			
Disposal of tangible fixed assets - Industrial Property		31,012	45,023
Disposal of tangible fixed assets - Telecommunication Assets		(3,406)	-
Disposal of Investments		86	86
		<b>27,692</b>	<b>45,109</b>
<b>(d) Financing</b>			
Net current assets transferred from Forfás		-	-
<b>(e) Analysis of Net Funds</b>			
	<b>At 1 January 2002</b>	<b>Cash Flow</b>	<b>At 31 December 2002</b>
	€'000	€'000	€'000
Cash at Bank and on hand	4,839	(1,465)	3,374

**25 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 2002 bank interest amounting to €158k was payable to IDA by a bank in which two Board Members had declared an interest. A company in which a Board Member declared an interest was approved a grant of €2.6m and another company in which a second member declared an interest was approved a grant of €1.2m. Payments of €569k for recurring and capital utility charges were paid to a utility company in which a Board Member is employed. 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.

**26 APPROVAL OF FINANCIAL STATEMENTS**

The Financial Statements were approved by the Board on 14 May 2003.

# BOARD & COMMITTEES 2003

---

**BOARD 2003**

---

---

**COMMITTEES 2003**

---

---

**STATUTORY NOTICES**

---

# BOARD 2003

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 Act and to recommend on grant aid above these levels to Government.

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

**GARY DUFFY** and **KIERAN CORRIGAN** retired at the end of 2002, in line with the normal process of rotational retirement.

**KIERAN CORRIGAN** was re-appointed to the Board on 5<sup>th</sup> March 2003.

**LORETTA BRENNAN GLUCKSMAN** was appointed to the Board on 5<sup>th</sup> March 2003.

## **JOHN DUNNE**

Chairman, *IDA Ireland*  
Former Director General, *Irish Business & Employers Confederation (IBEC)*

## **LORETTA BRENNAN GLUCKSMAN**

Chairman, *American Ireland Fund*

## **BERNARD COLLINS**

Chief Executive, *Lifemed Consulting Ltd.*  
Director of a number of other medical device companies

## **KIERAN CORRIGAN**

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

## **SEAN DORGAN**

Chief Executive, *IDA Ireland*  
Board Member, *Forfás*

## **ANN MARIE GILL**

Director of Human Resources, *GE Financial Insurance Europe*

## **BRID HORAN**

General Manager Pensions, *ESB*  
Director, *ESB International*  
Commissioner, *National Pensions Reserve Fund*

## **GARY KENNEDY**

Group Director, *Finance & Enterprise Technology, AIB Group*  
Board Director, *National University of Ireland, Galway*

## **RONALD LONG**

Assistant Secretary, Department of Enterprise, Trade & Employment  
Board Member, *Nitrigin Éireann Teo*

## **THOMAS LYNCH**

Senior Adviser to the Chairman, *Elan Corporation, plc*  
Chairman, *Amarin Corporation plc*  
Director, *ICON plc*

## **DR. FRANK MCCABE**

Former V.P., *Intel Corporation*  
Director, *Citibank Ireland Financial Services plc*  
Director, *Science Foundation Ireland*

## **NIAL RING**

Managing Director, *Greencastle Investments Ltd.*  
Chairman, *Pubxchange.com Ltd.*  
Chairman, *Unilansys Ltd.*

## **DICK RYAN**

Secretary

# COMMITTEES 2003

## **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:**

*Nial Ring (Chair)*  
*Loretta Brennan Glucksman*  
*Kieran Corrigan*  
*John Dunne*  
*Ronald Long*

## **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)*  
*Sean Dorgan*  
*Brid Horan*  
*Dr. Frank McCabe*

## **INVESTMENT COMMITTEE:**

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

### **MEMBERS:**

*Gary Kennedy (Chair)*  
*Kieran Corrigan*  
*Sean Dorgan*  
*Ann Marie Gill*  
*Ronald Long*

## **PROPERTY COMMITTEE:**

Reviews policy with regard to the financing, provision, maintenance and disposal of property and approves procedures with regard to tendering and awarding of contracts.

### **MEMBERS:**

*Brid Horan (Chair)*  
*Bernard Collins*  
*Sean Dorgan*  
*Thomas Lynch*  
*Dr. Frank McCabe*

---

# STATUTORY NOTICES

---

## **EQUALITY IN IDA IRELAND**

Equality is an established priority for IDA and the principles continue to be endorsed by the CEO and Management Committee. The organisation has a progressive equality agenda and new initiatives are developed, on an ongoing basis, to reinforce our commitment to this area.

IDA Ireland is an Equal Opportunities employer. To this end we are committed to ensuring that no staff member of IDA, or applicant for employment to 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 travelling community or any other grounds not relevant to good employment practice.

During 2002, through the running of a 'DREW' Campaign (Dignity, Respect, Equality and Work Life Balance) specific attention was paid to the areas of selection and recruitment, staff development & training, promotion, work/life balance and anti-stress and harassment measures. In addition, there is a comprehensive set of policies to enable staff develop a desirable balance between their work and personal priorities i.e. job sharing, career breaks, flexible working hours, phased parental leave, etc.

## **THE EQUALITY OBJECTIVE**

Our continued focus in the area of Equality is to develop and encourage an equality culture and attitude within the organisation. The objective is to ensure that all staff are treated fairly and are provided with equal opportunity for development and career progression. This involves integrating equality into day-to-day performance management and staff development programmes, so that it becomes part of the culture of the organisation and a core management practice - encouraged by all managers and adopted by all staff throughout the organisation.

## **SAFETY, HEALTH AND WELFARE ACT (1989)**

In accordance with the Safety, Health and Welfare Act (1989) IDA Ireland adopted the written safety statement of the former Industrial Development Authority and continues to implement appropriate measures to protect the safety and health of all employees and visitors within its offices.

## **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.

## STATUTORY NOTICES continued

### ETHICS IN PUBLIC OFFICE ACT, 1995

In accordance with the Ethics in Public Office Act, 1995, all IDA Ireland staff holding designated positions have completed statements of interest in compliance with the provisions of the Act.

### FREEDOM OF INFORMATION ACT, 1997

This Act became effective in relation to IDA Ireland on the 30th March 2001. Requests for information under this Act should be addressed to the Freedom of Information Executive, IDA Ireland, Wilton Park House, Wilton Place, Dublin 2.

### ENERGY EFFICIENCY

In June 2001 the Government issued a memorandum requiring all State Agencies to report, in their Annual Report, on measures being taken to reduce energy usage, where they have responsibility for new buildings or major refurbishment of buildings and/or in buildings occupied by them.

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. In relation to the Dublin offices, which are managed by Forfás, an energy efficiency audit is about to be undertaken which will result in an action plan to maximise energy efficiency. IDA's regional offices conform to 'best practice' principles.

## AT A GLANCE

### SUMMARY – IDA SUPPORTED ANNOUNCEMENTS – 2002 \*

COMPANY	LOCATION	ACTIVITY
Abbott	Galway	Healthcare Products
Amersham Health	Cork	Pharmaceuticals
AMO	Mayo	Shared Services
AOL	Dublin	European Centre
APC	Galway	Software R&D
Athlone Optical	Westmeath	Optical Products
Bausch & Lomb	Waterford	R&D
Churchill	Galway	Customer Centre
Dow Corning	Cork	R&D Centre
dpa	Cork	Global Centre
Fort Wayne	Mayo	Precision Wire
GMAC	Westmeath	Global IT Hub
GN ReSound	Cork	Global Centre
Guehring	Waterford	Coating of Tools
Hertz	Dublin	Shared Services
Keith Prowse	Donegal	Support Centre
Marriott	Cork	European HQ
MBNA	Leitrim	Operations Centre
McKesson	Cork	Healthcare Manuals
Medtronic	Galway	Medical Devices
MICROS	Galway	Shared Services
Motorola	Cork	R&D Team
Net IQ	Galway	Operations Centre
Oakley	Westmeath	Eyewear
Quantum	Louth	IT Products
RF Integration	Cork	IC Design
RISO	Kildare	Software Design
Schlumberger	Cork	Shared Services
Servier	Wicklow	Pharmaceuticals
Starwood	Cork	Customer Centre
Symantec	Dublin	Internet Security
Takeda	Dublin	Pharmaceuticals
Thomson Netg	Limerick	e-Learning Products

\* For full Details see IDA's website

# THE ORGANISATION

---

## ORGANISATION STRUCTURE

---

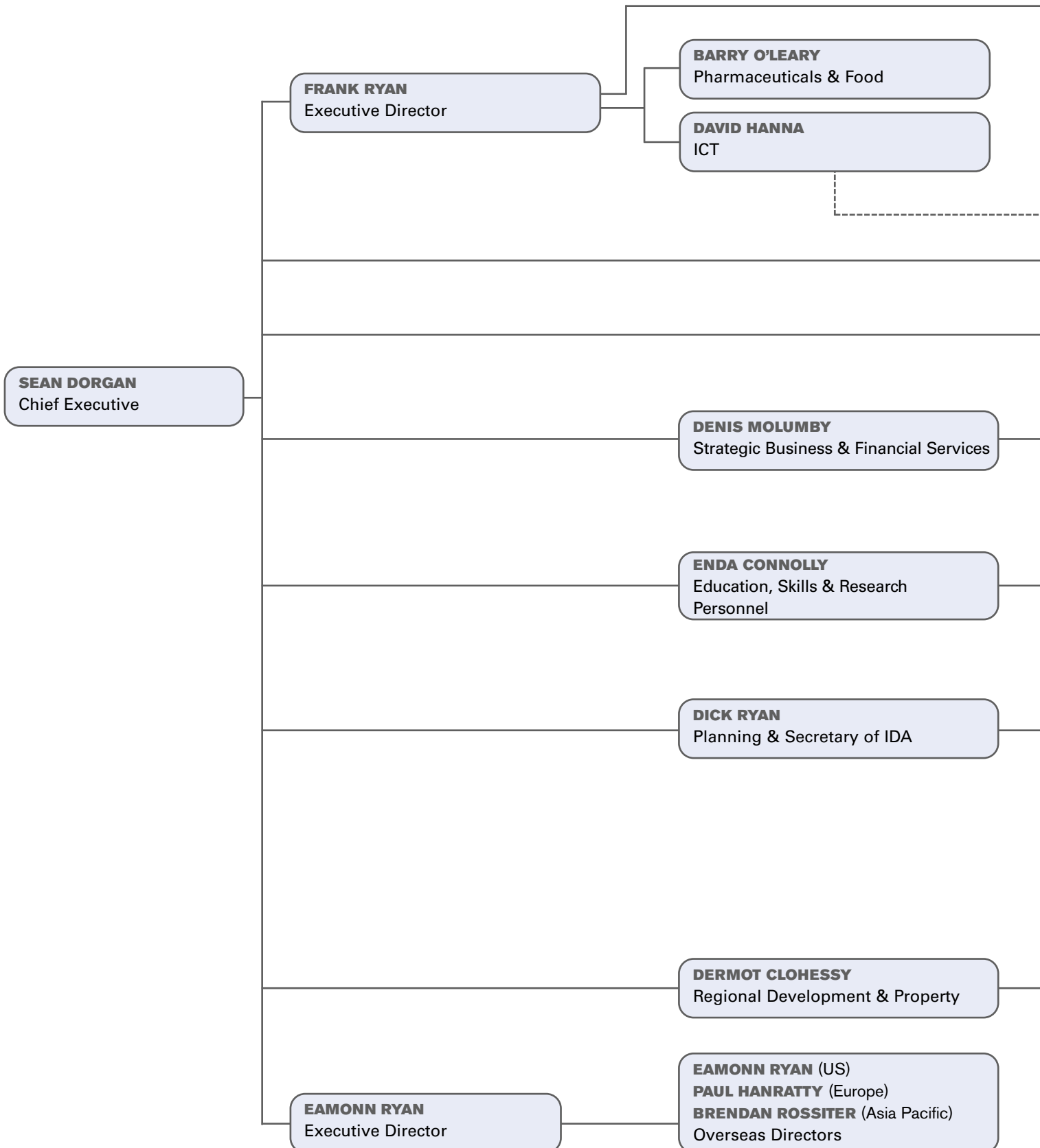
---

## IDA IRELAND OFFICES

---

# ORGANISATION STRUCTURE

**JUNE 2003**  
**IDA IRELAND HAS 295 STAFF POSTS**



**BRENDAN McDONAGH** (Located in Athlone)  
Healthcare

**GUS JONES**  
International Services & Software (New Clients)

**MARY MOLLOY**  
International Services & Software (Existing Clients)

**GEORGE BENNETT** (Located in Sligo)  
Engineering & Consumer Products

**DONAL MURPHY**  
Marketing Services & IDA I.T. Systems

**EILEEN SHARPE** (Located in Waterford)  
ICT

**BILLY BURY**  
Accounts & Grants

**COLM DONLON**  
Press & Public Relations

**BRENDAN LOGUE**  
Regulated Financial Services

**DEIRDRE LYONS**  
Strategic Business Unit

**DENIS FITZPATRICK**  
Personnel & Organisation Development

**PETER LILLIS**  
Education, Skills & Research

**MIRIAM JOHNSTON**  
Legal & Secretariat

**KIERAN DONOGHUE**  
Planning

**MARTIN BURBRIDGE** (Located in Athlone)  
Property

**PAT LOFTUS**  
Area Director Border

**FRANK CONLON**  
Area Director Midlands & East

**MARY BUCKLEY**  
Area Director South

**EMMANUEL DOWDALL**  
Area Director West & Mid-West

---

## REGIONAL OFFICES

---

**PAT DOHERTY**  
Dundalk

**JOE McHUGH**  
Sligo & Letterkenny

**PAT LOFTUS**  
Cavan

**CONOR AGNEW, BRENDAN O'SULLIVAN**  
East Region

**FRANK CONLON**  
Athlone

**BRIAN CONROY**  
Waterford

**CONOR HEALY**  
Cork

**SHAY POWER**  
Limerick

**JIM MURREN**  
Galway

# IDA IRELAND OFFICES

## CORPORATE HEADQUARTERS

IDA Ireland  
 Wilton Park House,  
 Wilton Place,  
 Dublin 2,  
 Ireland.  
 Tel: + 353 1 603 4000  
 Fax: + 353 1 603 4040  
 Website: [www.idaireland.com](http://www.idaireland.com)

### TO CONTACT IDA IRELAND BY E.MAIL

#### CORPORATE HEADQUARTERS, DUBLIN:

Corporate address = [idaireland@ida.ie](mailto:idaireland@ida.ie)  
 Individual staff address = [first.name.surname@ida.ie](mailto:first.name.surname@ida.ie)

#### OFFICES IN REGIONAL IRELAND:

Contact is with individual staff address = [first.name.surname@ida.ie](mailto:first.name.surname@ida.ie)

#### OFFICES THROUGHOUT THE WORLD:

Contact is with individual staff address = [first.name.surname@city.name.ida.ie](mailto:first.name.surname@city.name.ida.ie)

## OFFICES IN IRELAND

### IRELAND BORDER

#### BORDER

Dublin Road  
 Cavan  
 Tel: (049) 436 8820  
 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 Industrial Park  
 Dundalk  
 Co. Louth  
 Tel: (042) 935 4410  
 Fax: (042) 935 4411

### IRELAND WEST & MID-WEST

#### WEST

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

#### MID-WEST

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

### IRELAND SOUTH

#### SOUTH WEST

Industry House  
 Rossa Avenue  
 Bishopstown  
 Cork  
 Tel: (021) 434 3555  
 Fax: (021) 434 3444

#### SOUTH EAST

Waterford Technology Park  
 Cork Road  
 Waterford  
 Tel: (051) 372 911  
 Fax: (051) 372 719

### IRELAND EAST & MIDLANDS

#### EAST

Wilton Park House  
 Wilton Place  
 Dublin 2  
 Tel: (01) 603 4000  
 Fax: (01) 603 4040

#### MIDLANDS

Athlone Business &  
 Technology Park  
 Garrycastle  
 Dublin Road  
 Athlone  
 Co. Westmeath  
 Tel: (090) 6471 500  
 Fax: (090) 6471 550

# OVERSEAS OFFICES

## EUROPE

### GERMANY

Bockenheimer Landstrasse 39  
D – 60325  
Frankfurt am Main  
Tel: (69) 70 60990  
Fax: (69) 70 609970

### NETHERLANDS

World Trade Center  
Strawinskylaan 861  
1077 XX Amsterdam  
Tel: (20) 679 8666  
Fax: (20) 679 1321

### UNITED KINGDOM

Ireland House  
150 New Bond Street  
London W1S 2TX  
Tel: (207) 629 5941  
Fax: (207) 629 4270

## USA

### NEW YORK

17 Floor  
345 Park Avenue  
New York  
NY 10154  
Tel: (212) 750 4300  
Fax: (212) 750 7357

### ATLANTA

PO Box 190129  
Atlanta  
GA 31119-0129  
Tel: (404) 257 8799  
Fax: (404) 257 0529

### BOSTON

The Statler Building  
20 Park Plaza  
Suite 520  
Boston, MA 02116  
Tel: (617) 482 8225  
Fax: (617) 338 4745

### CHICAGO

77 West Wacker Drive  
Suite 4070  
Chicago  
IL 60601-1629  
Tel: (312) 236 0222  
Fax: (312) 236 3407

### SAN JOSE

Fairmont Plaza  
50 West San Fernando Street  
Suite 435  
San Jose  
CA 95113-2414  
Tel: (408) 294 9903  
Fax: (408) 294 9934

## ASIA-PACIFIC

### AUSTRALIA

Ireland House  
Level 30, 400 George Street  
Sydney, NSW 2000  
Tel: (2) 8233 6224  
Fax: (2) 8233 6227

### HONG KONG

501 Ruttonjee House  
11 Duddell Street  
Central Hong Kong  
Tel: 2845 1118  
Fax: 2845 9240

### JAPAN

Ireland House 2F  
2-10-7 Kojimachi  
Chiyoda-Ku, Tokyo 102  
Tel: (3) 3262 7621  
Fax: (3) 3261 4239

### KOREA

Ireland House 2F  
Daehan Fire and Marine  
Insurance Building, 15th Floor  
51-1 Namchang Dong  
Chung-Ku  
Seoul 100-060  
Tel: (2) 755 4767/8  
Fax: (2) 757 3969

### TAIWAN

ITI Ireland  
Room 7B-09, Floor 7  
Taipei World Trade Centre  
5 Hsin Yi Road  
Section 5, Taipei  
Tel: (2) 725 1691  
Fax: (2) 725 1653

