

Annual Review of Activities and Annual Accounts 2006

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Joint Ministerial Foreword

We are pleased to introduce InterTradelreland's Annual Report for 2006, a year which has seen significant progress in working together to boost the economies in both Ireland and Northern Ireland. Such co-operation is benefiting our enterprises and improving their capability to compete in global markets.

This Annual Report sets out InterTradelreland's unique role in undertaking research and developing practical programmes and networks that demonstrate the mutual benefits of increased cooperation and partnership.

During 2006, InterTradelreland's research report, 'Spatial Strategies on the Island of Ireland', confirmed that collaboration on spatial development and infrastructure can increase the competitiveness of both economies. We welcome the findings of the report which prepares the ground for the development of an agreed framework for integrated spatial planning.

InterTradelreland has continued to encourage the development of collaborative business networks. The All-Island Software Industry Network is a good example of the practical benefits that can arise through such increased cooperation. Seven companies from both jurisdictions formed an alliance to develop a leading edge mobile technology solution which they will be launching at international telecommunications events in the forthcoming year.

Improved cooperation can deliver increased trade and investment, generate economies of scale, strengthen competitiveness, deliver more effective public services and open up new markets. These are all benefits we should seek to secure, particularly at a time when we face greatly increased global competition.

It is encouraging to note that between 2005 and 2006, trade from Northern Ireland to Ireland went up 10.6% to €1.29bn/£860m, while that from Ireland to Northern Ireland went up 16.2%, to €1.54bn/£1.02bn. In total, the value of trade and business development activity generated by networks and firms engaged in cross-border business through InterTradelreland projects in 2006 amounted to £30.8m/€45m.

We would like to extend our thanks to the Chairman, Board members, Chief Executive, senior management and staff for their hard work and commitment over this past year. We will continue to support InterTradelreland in their important task of finding practical ways to identify and promote economic co-operation.



Micheál Martin

Micheál Martin TD
MINISTER FOR ENTERPRISE
TRADE & EMPLOYMENT



Nigel Dodds

Nigel Dodds OBE MP MLA
MINISTER FOR ENTERPRISE
TRADE & INVESTMENT

Chairman's Introduction

We live in an increasingly competitive world. It is against the background of that stark business reality that InterTradelreland, supported by the shared vision of both Governments, is working to enhance the competitiveness of the island's economies.

One way to gain advantage on the global stage is through innovation yet the current investment in research and development North and South is low compared to many competitor economies.

One dynamic source of the innovative and entrepreneurial thinking which creates international products is in our universities. During the year, InterTradelreland examined the potential for collaborative activity in the area of Intellectual Property management and technology transfer by universities throughout the island. Our research identified that industry in general, and large multinationals in particular, want one cohesive point of contact to university technologies and services.

As a result, a joint marketing task force was established to explore ways of creating a single marketing strategy. The opportunities for growth and the resulting economic benefits for both economies on the island are enormous.

These benefits are translated, in part, through our business development and research networks. FUSION, InterTradelreland's all-island technology transfer programme, continues to go from strength to strength with its business development value for 2006 reported at £4.47m/€6.68m.

All eight projects in Innova, our collaborative R&D pilot programme, were operational by the end of the year. The results of their work on a range of health and technology issues, including diagnostics for cancer and pancreatitis, treatments for cancer and multiple sclerosis and large scale hygiene management systems, promise to propel the 15 participating companies North and South on to the world stage.

Business networks are another key driver of competitiveness, bringing SMEs together to solve common problems, share information, co-produce, co-market, co-purchase or co-operate in product or market development. InterTradelreland is currently supporting and developing all-island networks in the biopharma and medical devices, software, polymers and plastics sectors.

Research which we undertook during the year crystallised the information needed to put in place a root and branch framework of support which has been specifically asked for by businesses, North and South. This is the first attempt to introduce a broad networks strategy with a clearly articulated and adequately funded action plan and implementation of our recommendations will result in a more comprehensive approach to the development of networks than is available anywhere else in the world, giving both economies a real competitive edge.

For their unfailing dedication and tireless efforts, I would like to pay tribute to the Board, senior management team and staff of InterTradelreland. I also extend my thanks for the support of the Ministers responsible for InterTradelreland, Minister for Enterprise, Trade and Investment Nigel Dodds OBE, MP, MLA and prior to that Maria Eagle MP, and Minister for Enterprise, Trade and Employment Micheál Martin TD.

I feel very proud of the unique contribution InterTradelreland is making to improve economic conditions for everyone on this island, North and South. As I look forward to another year of fresh challenges, I anticipate further successes as we continue to build on our achievements.



Martin Naughton
Chairman

Chief Executive's Message

The past year has been an important one for InterTradelreland because it has seen the organisation build on its unique contribution to the business life of this island to record some truly impressive successes.

Our aim in 2006, with the support of both Governments, was to consolidate and expand our role as a provider of business development programmes, trade networks and essential research which have improved economic conditions, North and South. More than 350 companies were involved in InterTradelreland programmes this year.

Our Acumen Programme, which provides tailored consultancy, prospector and sales salary support for market entry and growth, reported a business development value last year of £14.5m/€21.3m. In the past four years, it has helped 200 companies create 133 new jobs and increased cross-border sales by £23m/€33.8.

The Innova Programme, which stimulates R&D co-operation between companies in Northern Ireland and Ireland, has linked up 15 companies in the bioscience, software, food and textile sectors for the development of leading edge products which are projected to yield multi-million pound benefits.

Companies which participated on the pilot phase of FUSION, our technology transfer initiative, reported a business development value of £4.47/€6.68m. During 2006 a further 86 companies were supported through the rollout of the programme.

InterTradelreland's EquityNetwork helps early stage, potentially high growth companies to improve their chances of securing risk investment through seminars, roundtables, masterclasses and a one to one advisory service. Our annual Seedcorn competition assists budding entrepreneurs develop their business ideas and over the past five years, £29m/€42.6 has been leveraged by fledgling firms, North and South.

All of InterTradelreland's activity is underpinned by a sound foundation of in-depth research - the lifeblood of innovation - and in 2006, we undertook four major research reports: the Universities Intellectual Property Report, the Business Networks Report, the Spatial Strategies Report and a Competitive Analysis of the Polymers and Plastics Industry. We also contributed to the Comprehensive Study on the All-Island Economy commissioned by the British-Irish Intergovernmental Conference.

All of this has only been possible with the support of both Governments, the confidence of the business community and the professionalism and dedication of InterTradelreland's Board, senior management team and staff.

With their help, I look forward to InterTradelreland continuing to play an increasingly valuable role in encouraging economic co-operation and boosting competitiveness for the mutual benefit of both parts of this island.



Liam Nellis
CHIEF EXECUTIVE OFFICER

Board Members 2006

InterTradeIreland has an Executive Board consisting of 11 members who are appointed by the North/South Ministerial Council.



Martin Naughton
CHAIRMAN INTERTRADEIRELAND

Dr Martin Naughton is the founder, Chairman and owner of the Glen Dimplex Group, which has 4 manufacturing companies in Ireland, North and South. The Group also manufactures in the UK, Netherlands, Germany, France, Hungary, Norway, Canada, New Zealand and has a joint venture in China.

Dr. Naughton is an engineer who was educated in Dundalk, Co. Louth and Southampton, England. He was granted Honorary Doctorates by University College Dublin, Trinity College Dublin, Queen's University Belfast, University of Ulster and Notre Dame, USA. He is also trustee of Notre Dame College. He was a member of the Council of State in Ireland. He served on the Industrial Development Board for Northern Ireland between January 1996 and January 2000. He has been Chairman of the InterTradeIreland Board since its inception in December 1999.



Barry Fitzsimons
VICE CHAIRMAN INTERTRADEIRELAND,
CHAIRMAN, EQUITYNETWORK

Barry Fitzsimons is Senior Resident Director of Cunningham Coates Stockbrokers and has been associated with Cunningham Coates Stockbrokers all his working life, becoming a member of the Stock Exchange in 1978 and a partner in Josias Cunningham & Co shortly after. He is a Fellow of the Securities Institute (FSI) and having bought some more land farms beef and sheep at his home in Co. Down. Barry is Chairman of Lagan Valley Ulster Unionist Party Constituency Association and also sits on the Party Executive.



Feargal McCormack

Feargal McCormack is Managing Partner of FPM Accountants LLP, located in Newry, Dundalk and Dungannon, which recently won the Accountancy Age UK Small Firm of the Year Award. FPM became the first professional services firm to win the NI SME Business of the Year Award in 2004.

Feargal is a former Chairman of the Ulster Society of Chartered Accountants and is a Council member of the Institute of Chartered Accountants in Ireland. He is also Chairman of the International Centre of Local and Regional Development.



Jackie Harrison

Jackie Harrison is currently Chief Executive of Philanthropy Ireland. She previously held positions as Director of Projects for the IBEC-CBI Joint Council, Director of Social Policy and Director of Enterprise in the Irish Business and Employers Confederation. Jackie is also a former Director of the Ireland France Chamber of Commerce and was nominated as Chevalier in the Ordre National de Mérite in October 2001.

She was a member of the National Competitiveness Council from 1998 to 2003, and is currently a Board member of the Digital Hub, Young Social Innovators and a member of the Steering Committee of the North/South Round Table Group.



Carl McCann

Carl McCann is Chairman of Total Produce plc, the €2bn. publicly-quoted European fresh produce company, and Blackrock International Land plc, the publicly-quoted property company. He was previously Chairman of Fyffes plc (having joined the company in 1980) which demerged its business into three separate public companies in 2006.

He has a business degree from Trinity College, Dublin, and qualified as a chartered accountant with KPMG. He is also director of a number of other companies.



Inez McCormack

Inez McCormack is currently senior advisor to the Global Coalition for Women's Rights/Workers Rights - an international coalition of women labour and human rights leaders that is connecting and supporting campaigns on women's rights and workers rights. Other commitments include chairing the highly commended North/South Participation and Rights Project, a social justice programme focused on enabling disadvantaged communities and groups to access resources and services on both parts of the island of Ireland. She also co-chairs the North/South Health Services Partnership. These were among a number of projects she initiated when she was President of the Irish Congress of Trade Unions. She was the first woman to hold this post. She has received a number of national and international awards for her 'services to human rights and the community'. These include an honorary doctorate from Queen's University and the Eleanor Roosevelt Award from the City of New York.



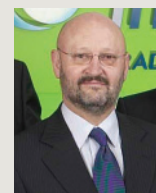
Mary Ainscough

Mary Ainscough is an Executive with the Bank of Ireland Group. She is a graduate of Trinity College, Dublin, with a degree in English and Philosophy and a Masters in Management Science. She studied law at the Incorporated Law Society of Ireland where she qualified as a solicitor. She began her career with the IDA in New York, marketing Ireland as a location for inward investment in the IT sector. On her return to Ireland she practised law, specialising in aspects of labour and employment law. She has worked at the School of Business Studies, Trinity College and with the Irish Management Institute, as a Lecturer in Organisational Psychology. She also held the position of Director of Equality at Dublin City University. Mary is a former CEO of the American Chamber of Commerce in Ireland.



Robbie Smyth

Robbie Smyth is deputy head of the Journalism and Media Communications faculty at Griffith College Dublin. Robbie is also a Sinn Féin policy advisor and journalist at An Phoblacht. He was Sinn Féin General Secretary from March 2003 to March 2005.



Jack Gilmour

Jack Gilmour started his working life in a family controlled commercial printing company. When he was in his early twenties in 1970, this was sold and he moved into another existing family business of public houses. At the end of the 1970's he was in charge of the day-to-day operation of three businesses. Through a further acquisition he greatly enlarged the group turnover and increased the employees to 110. He then sold his interest in these public houses and retired for a couple of years. In 1992 he purchased his present establishment, situated at Upper Malone on the southern outskirts of Belfast, where he currently employs twenty-five staff. He has been married for thirty years, has a daughter working in New York and a son, who is an architect, currently in London.



John Fitzgerald

John Fitzgerald was appointed Dublin City Manager in 1996 and stepped down from that position in June 2006. In June last, he was appointed Chairman of the newly formed Grangegorman Development Agency

which was established by Government to provide a campus for D I T and its 20,000 students together with Health Services Agency requirements and other facilities at a location close to the city centre. John is currently involved, as board member and otherwise, with a number of other public and private sector bodies.



Rosaleen Doherty

Rosaleen Doherty is a recently returned emigrant from the USA where she spent 11 years working in the food industry; she held a variety of senior positions within research and development prior to moving into business development in 2004. She is a graduate of University College Galway, with a degree in Chemistry and Biochemistry and University College Dublin with a Masters in Food Science. On her return to Ireland, Rosaleen divides her time between her consulting business specializing in business development for a US ingredient company within the European market and running a family owned pub and restaurant in North Donegal.

Organisation and Staffing Profile

Chief Executive and Directors



Liam Nellis
CHIEF EXECUTIVE OFFICER

Liam has a Law Degree from the University of London and an MSc from the University of Ulster. He joined the Northern Ireland Civil Service in 1973 and has been involved in many economic development issues including labour market, tourism and small business policy. In 1990 he was seconded to establish and head up NI-CO, the public sector marketing company. In 1997 he joined IDB where he was Executive Director responsible for Inward Investment until he accepted a further secondment to set up and head the Trade and Business Development Body. He was confirmed as CEO of *InterTradelreland* in November 2000.



Laurence Lord
CORPORATE SERVICES DIRECTOR

A Chartered Management Accountant and MBA, Laurence comes from a background in organisational development and financial management. He has worked extensively on institutional strengthening projects in Australia and Africa as well as within the Irish Commercial sector.



Catriona Regan
OPERATIONS DIRECTOR

Catriona is a graduate of Queen's University Belfast and was previously head of the Civic Forum Secretariat.



Aidan Gough
STRATEGY & POLICY DIRECTOR

Aidan is a graduate of Queen's University Belfast with an MBA and MSC in Economics. Prior to joining *InterTradelreland*, Aidan was Director of the Northern Ireland Economic Council.

InterTradelreland Staff – June 2006

Operations Directorate

The Operations Directorate is responsible for the delivery of a range of business programmes in the areas of Science, Technology and Innovation, Sales and Marketing and Business Capability Improvement.

The Science, Technology and Innovation programmes help create partnerships between businesses who are working to create new products and processes and the third-level institutions and other commercial partners which have the knowledge and expertise required for success.

The Sales and Marketing Programmes assist companies that want to increase their profitability through exploitation of the all-island market and through collaborative ventures into international markets. This includes direct financial support, access to customised buyer-supplier events and developing an awareness of public procurement opportunities North and South.

The Directorate also establishes and develops business networks to help companies pool their knowledge and resources, share costs and risks and achieve competitive advantage faster, cheaper and with less disruption to their operations. Additionally, it offers a range of services to help businesses to improve their capabilities through collaboration including reducing their distribution costs, improving their ability to tender successfully for public sector business on an all-island basis and to raise equity finance.

STAFF	
Grant Gilmore	Operations Manager
Margaret Hearty	Operations Manager
Julie Jordan	Operations Manager
Paddy Savage	Operations Manager
Bernadette Doran	Project Manager
Conor MacNamara	Project Manager
Dianne Fee	Deputy Operations Manager
Gráinne Lennon	Deputy Operations Manager
Jenny Williamson	Deputy Operations Manager
Gary Stokes	Deputy Operations Manager
Anne-Marie Kearns	Operations Executive
Denise McCreesh	Operations Executive
Nicola McGuinness	Operations Executive
Carrie Small	Operations Executive
Martina Keenan	Administrative Officer
Patricia Doran	Administrative Officer
Edel McCrink	Student Placement Officer

Strategy and Policy Directorate

The Strategy and Policy Directorate is responsible for the definition of the organisation’s strategic plans and its programme policies.

The Directorate manages close working relationships with external business and policy organisations and with the other economic development agencies on the island. The team delivers expertise in the areas of Strategy and Policy Development; Economic Development Programmes, Science, Technology and Innovation; Business and Economic Research; Programme Appraisal and Evaluation; and Business Planning and Performance Management.

STAFF	
Marian McAneney	Science & Technology Manager
Dr Bernadette McGahon	Science & Technology Manager
Orla McGlennon	Project Appraisal Manager
Christopher Ryan	Policy Research Manager
Aidan Monaghan	Performance Manager
Harry Hamill	Policy & Planning Manager
Dermot O'Doherty	Senior Advisor
Janet Toal	Policy Executive
Anne McMinn	Administrative Officer
Sean Kearney	Student Placement Officer

Corporate Services Directorate

The Corporate Services Directorate facilitates the delivery of InterTradelreland initiatives. It supports its sister directorates through the provision of appropriate resources, systems and expertise in specific areas such as Human Resources, Information Technology, Financial Management, Facilities Management and Communications.

STAFF	
Brian Cleland	IT Manager
Dara Cosgrove	Communications Manager
Bernadette Donaghy	Finance Manager
Sharon Hughes	Human Resources Manager
Gerry Campbell	Facilities Manager
Paula Butler	Human Resources Executive
Christine Currie	Finance Executive
Shelley Moore	Communications Executive
Caroline Moore	Personal Assistant to the Chief Executive
Joanna McLoughlin	Administrative Officer
Bronagh Morgan	Administrative Officer
Sandra Hearty	Receptionist
Peter McEvoy	Student Placement Officer

Staffing Profile
January – December 2006

The Body continued to recruit its full complement of permanent staff. During 2006 the following posts were filled:

- Communications Manager
- Administrative Officer
- Strategy and Policy Executive x 2
- Policy Research Manager

All the vacancies were advertised across the island of Ireland and attracted substantial interest with over 120 applications returned. Applications were of a high calibre in terms of experience and skills.

The target headcount for the Body is 42 permanent members of staff and actual headcount on 31 December 2006 was 41 staff comprising 40 permanent staff and 1 secondee (from Forfás).

Breakdown of permanent staff on 31 December 2006 by grade

GRADE	NO
CEO	1
Director	3
Manager	13
Deputy/Project Manager	8
Executive	9
Administrative	6
TOTAL	40

INTERTRADEIRELAND STRATEGY



InterTradelreland Strategy

InterTradelreland's Mission, expressed in the 2005-2007 Corporate Plan, is to enhance the competitiveness of the all-island economy to the mutual benefit of Ireland and Northern Ireland through measures such as the creation of knowledge-intensive all-island trade and business development networks and the implementation of all-island trade and business development programmes.

Our initiatives do not aim to subsidise but to promote competition, eliminate barriers and to realise external effects of knowledge and technology through the development of all-island networks. These factors combine to affect the types of measures which can be employed to describe the impact of InterTradelreland's strategies and interventions, because they do not all lend themselves easily to simple quantitative measurement.

InterTradelreland Strategic Goal 2005-2007

InterTradelreland has one key strategic objective within the life of the 2005-2007 Corporate Plan:

To increase the number, effectiveness and value of all-island trade and business development networks.

In driving to achieve this strategic objective, InterTradelreland will enhance the trading, business development and ultimately the international competitiveness of businesses across the island of Ireland.

Direct Impact Measures

InterTradelreland has defined three discrete Direct Impact Measures to satisfy the imperative to ensure that the public resources which we utilise deliver value for money in ways which align with the organisation's legislative remit and strategic goal.

TYPE 1: The number of InterTradelreland's collaborative all-island networks and the outputs of those networks.

TYPE 2: The increased number of firms engaged in developing cross-border business through our networks and our trade and business development programmes.

TYPE 3: The value of trade and business development activity generated by our all-island collaborative networks and by firms engaged in our trade and business development programmes.

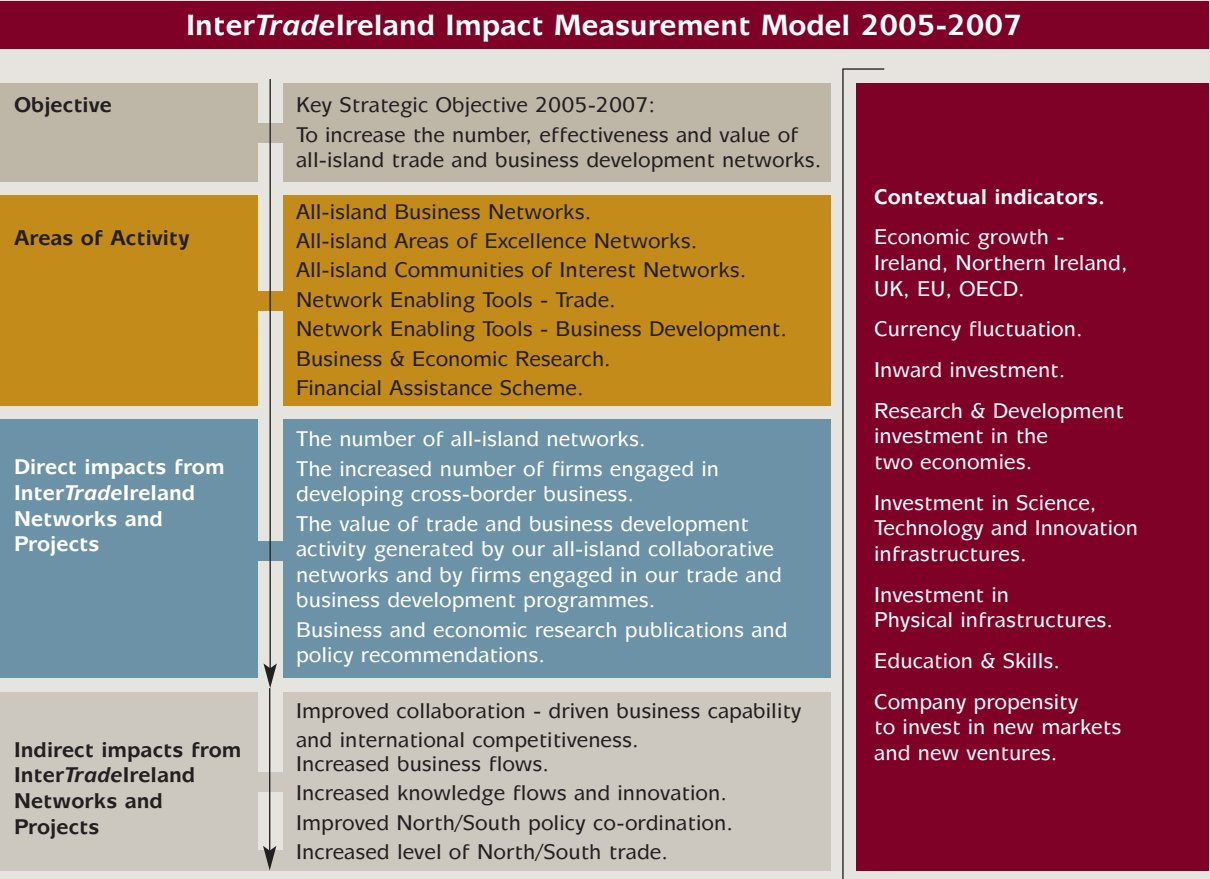
Quantitative and qualitative performance data is gathered and collated on an on-going basis, and is presented within the 2006 Business Plan Performance Report in the next section. This includes information of our business and economic research reports and associated policy recommendations, work within a number of North/South policy and operational Secretariats with which we are engaged, the outputs of North/South partnerships which we are supporting, and new online all-island services which we have created and are delivering.

Indirect Impacts

Indirect Impacts reflect the medium to longer-term impact of InterTradelreland programmes and initiatives. Significant indirect impacts are improved business capability and competitiveness, increased business and knowledge flows and innovation, improved North/South policy co-ordination and an increased level of North/South trade. InterTradelreland is continuing to develop those systems which produce data to provide for accurate definitive measurement of trade

and business development activity between the two jurisdictions.

Contextual Indicators describe those factors which strongly influence Indirect Impact measures and which are outside the control of InterTradelreland. These factors include currency fluctuations and broader economic performance at regional, national and supra-national levels.



SUMMARY OF BUSINESS PLAN AND PERFORMANCE REPORT 2006



InterTradelreland Performance 2006

InterTradelreland's key strategic objective for 2006 was to increase the number, effectiveness and value of all-island trade and business development networks. In working towards this objective we sought to enhance the trading, business development and ultimately the international competitiveness capability of businesses on the island.

Each of our individual projects defined their target outputs and impacts which have been aggregated together to allow us to report against the following organisationally specific indicators:

- The number of networks and the outputs of those networks.
- The increased number of firms engaged in developing cross-border business.
- The value of trade and business development activity generated by all-island collaborative networks and by firms engaged in cross-border business.

Performance Indicator:

The number of all-island networks (sector specific, areas of excellence and communities of interest) we have in place and which we are developing:

Achieved 2006: 19

Business Plan Target: 15

Sector-specific business networks:

- All-Island Software Network
- BioMedIreland
- All-Island Polymer & Plastics Network
- Mobile Software Network, and the
- North-West Science & Technology Partnership. (NWSTP)

All-Island Software Network



In early 2006 InterTradelreland facilitated the development of the network through the appointment of a Network Project Manager. The network identified the potential value of winning public procurement contracts and engaged two industry practitioners to deliver seminars on how to compete for public procurement business in each jurisdiction. The events were attended by 40 software companies.

A Go-Tender event, specifically aimed at the software sector, was delivered in Dublin during September 2006 by PriceWaterhouseCoopers and was attended by 16 companies. To assist this, the network ran a workshop in partnership with the Sales Institute of Ireland to promote "Selling into the public sector". Other activities at this time included the delivery of an Equity Awareness seminar in Dublin on 21st June 2006 and a further awareness seminar in partnership with the Irish Software Association on the 28th June 2006. The network has identified 3 key strategic target areas; R&D applications, Software Excellence and Global Marketing. Following on from the first Go-Tender event a workshop, attended by 15 software companies, was held in Belfast. At the end of 2006 a Product Management overview event was delivered, in partnership with the Irish Software Association in Dublin to 12 SMEs.

BioMedIreland



BioMedIreland, an all-island network for the health technology and biotechnology industries, is a strategic partnership between InterTradelreland and the Irish Medical Devices Association, BioBusiness Northern Ireland and the Irish BioIndustry Association.

The year began with a partnering event called BioMed Central, which was held on the 23rd February 2006 in the Europa Hotel in Belfast. This event featured a unique networking opportunity where attendees could pre-arrange 1:1 or group meetings with other participants to develop and explore business, research and funding opportunities. There were 76 attendees at the event.

In 2006 BioMedIreland published and distributed 4 functional papers to each of the sectors on the following topics:

- Quality: A Continuous Improvement Process;
- Innovation for BioMedical Industries: A Selection of Best in Class Models & Tools for the Fuzzy Front End;
- Supply Chain in the Life and Health Technologies Sector; and
- New Approaches to Innovation in the Medical Devices Sector.

BioMedIreland also established in 2006 a North/South Advisory Group comprising academics, business leaders and clinical experts. This group worked towards an innovation agenda for this sector on the island. A knowledge exchange event was held

in Dublin on 31 October 2006. The "Driving Growth & Innovation" seminar, developed by the MSI Consultancy in conjunction with BioMedIreland was the second in a series of two seminars aimed at assisting companies and researchers to understand and implement a structured approach to product innovation, product development and commercialisation, using a market-analysis based approach.

All-Island Polymer and Plastics Network

In January 2006 a Polymer and Plastics Panel workshop was held in Newry, Co Down. The aim of this workshop was to bring together a small group of sector experts from North and South to review progress on the report 'A Competitive Analysis of the Polymer and Plastics Industry on the Island of Ireland' and consider a series of scenarios and actions for the sector's future and identify real opportunities to improve the sector's competitive performance through all-island collaboration. There were 18 attendees at the workshop, including 12 industry experts from North and South. The report, launched in September 2006, was commissioned by InterTradelreland in conjunction with the Northern Ireland Polymer Association and Plastics Ireland. The key recommendation was the establishment of an all-island network to enhance the sector's global competitiveness. A meeting between InterTradelreland, Plastics Ireland, the Northern Ireland Polymer Association, the Polymer Processing Research Centre and business representatives took place on the 1st September 2006 in Belfast to discuss the establishment of such an all-island network. Implementation of the key recommendation in the report was taken forward in November 2006 through InterTradelreland establishing the Polymers and Plastics Network.

Mobile Software Network

In October 2006, InterTradelreland support enabled the establishment of a network of companies to deliver a single integrated 'end to end' solution of mobile technology products which are currently delivered as individual products or as subsets into global providers such as Nokia and LogicaCMG. This network will build a core of companies who will be able to market their components via a single platform and provide a basis to allow other high value products to be integrated and delivered via this Software Delivery Platform. The Software Delivery Platform will itself build in terms of functionality and customer value as the number of products integrated and supported by it increases on an ongoing basis.

North West Science and Technology Partnership (NWSTP)

The NWSTP is a collaborative network established in 2006 with industry and academia and other key stakeholders to strategically promote, support and strengthen science and technology based innovation and business in the North West region - both North and South of the border. Objectives of the network are to identify key relevant infrastructural projects for the North West Region and to support the development of new science and technology based business. Key stake holders include; IDA, Invest NI, Enterprise Ireland and NORIBIC.

Network Support and Facilitation

The creation, development and exploitation of business networks is at the core of InterTradelreland's Strategic Plan 2005-2007 and has become a significant focus of policy in both jurisdictions.

Through support from InterTradelreland in 2006, one such network the NWSTP, which includes a number of large firms in the Derry/Letterkenny area, was able to appoint a Project Manager. The partnership engaged in discussions with the IDA and other agencies on the provision of infrastructure for the biomedical area and also opened discussions with the International Fund for Ireland on project funding. Another business network, The Environmental Technologies Cluster, operating under the aegis of the Cooperation Ireland funded Border Vision programme, received a major boost with the recruitment of an Acumen consultant.

Having identified the critical importance of Business Networks and Clusters to sustaining investment and competitiveness in an increasingly global marketplace, InterTradelreland commissioned a study of these networks and clusters on the island of Ireland. The report was launched by Micheál Martin TD, Minister for Enterprise Trade and Employment and Maria Eagle MP, Enterprise, Trade and Investment Minister at InterTradelreland's offices on 1st June 2006. 'Business Networks on the Island of Ireland' indicated that there are more than 100 business networks operating in different parts of the Island, North & South, as well as on an all-Island basis. In addition to drawing conclusions and making recommendations on the establishment and project management of new networks and the facilitation of existing networks and clusters the report also made recommendations on how to effectively support the networking of networks across the island. Work continued on taking forward the recommendations within the report through the training and professional development of network facilitators designed to improve

the range and scope of network facilitation. The course, organised by the Centre for Cluster Facilitators Forum, was held in Armagh on 15th and 16th November. The 25 attendees were drawn from InterTradelreland's business networks, Invest NI and Enterprise Ireland.

Areas of Excellence Networks:

- EquityNetwork,
- Supply Chain Ireland,
- Irish Best Practice Forum and
- Go Tender
- All Island Public Procurement.

InterTradelreland has been instrumental in the creation and exploitation of a number of major Areas of Excellence Networks.

EquityNetwork



InterTradelreland's EquityNetwork works to promote private equity to accelerate business growth. The programme helps stimulate demand for private equity through a number of initiatives including a dedicated private equity expert to help with signposting and advice, an annual private equity conference, the establishment of business angel networks across the island, (Halo initiative), an annual all-island Seedcorn business competition to find the best start up businesses and other initiatives which help companies discover more about private equity as an alternative source of funding.

EquityNetwork Education and Awareness Activities for 2006

Event	Location	Partners	Attendees
Master class	Belfast	Crescent Capital	4
Round table	Galway	WestBic	18
Round table	Dublin	Dublin City Enterprise Board	23
Masterclass	Dublin	NCB Ventures	4
Funding Roadmap seminar	Coleraine	University of Ulster	8
Funding Roadmap seminar	Belfast	Momentum	36
Funding Roadmap seminars (2)	Dublin	Irish Software Association	50
Masterclass	Cork	Kernel Capital Partners	4
Masterclass	Belfast	Enterprise Equity	4
Masterclass	Dublin	Bank of Scotland (Ireland)	4

The Halo initiative

This initiative aims to facilitate the provision of valuable support and financial assistance to entrepreneurs who are keen to grow their business but lack the expertise, experience and funding required to successfully achieve this. Halo provides the missing link between Business Angels and entrepreneurs by assisting in matching the two together, based on a careful selection process.

At the beginning of December 2006 Halo (Ireland) had recruited 84 angels against a target of 50 and had 56 companies registered

against a target of 23. Halo (Northern Ireland) has recruited 46 angels against a target of 35 and had 33 companies registered against a target of 60 by the end of February 2007.

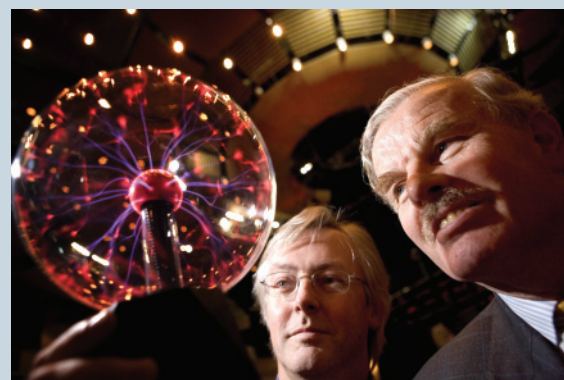
Private Equity Conference 2006

The fifth InterTradelreland Annual Private Equity Conference, attended by 220 delegates, was held in Belfast's Waterfront Hall on 9th March 2006. InterTradelreland's Chairman and Chief Executive opened the event and speakers included Dutch Entrepreneur, Bert Twaalfhoven, Professor Gordon Murray of Exeter University and David White of the European Commission.

Fifth Private Equity Conference held at Belfast Waterfront Hall

This annual event attracts delegates from early stage companies, companies seeking additional funding, venture capitalists, business angels, corporate financiers and state agency business advisors.

"Research launched by the Irish Venture Capital Association in association with InterTradelreland strongly indicates that venture capital backed firms are growing faster, creating more employment, exporting more and investing more in Research & Development as well as sales and marketing than other indigenous firms. This is the atmosphere in which we will be looking at how we can attract the £2.75bn or €4bn we need in the next five years from venture capital firms if we are to keep pace with Europe and how we can support even more businesses to seek this kind of funding." (Barry Fitzsimons)



Pictured at InterTradelreland's fifth Private Equity Conference at Belfast's Waterfront Hall are Colin Walsh, Chief Executive of Belfast based Crescent Capital and InterTradelreland Vice-Chairman, Barry Fitzsimons.

All Island Seedcorn

Business Competition 2006

A total of 143 business plans were received in the Seedcorn Business Competition. The eight regional finals took place across the island during November 2006 with each of the eight regional winners being awarded a cash prize of €20,000. The eight regional winners then competed for the overall cash prize of

€100,000 on 7th December 2006 with the prize going to EnBIO. Based on the Cork Institute of Technology Campus EnBIO develop innovative technologies that will reduce the trauma and the recovery time experienced by patients of medical implant surgery. The company is currently planning to set up a base at the University of Ulster, Jordanstown Campus to further develop the technology.

Enbio - winners of the All-Island Seedcorn Business Competition 2006

Over the past five years circa £26.6m/€40m of additional equity investment has been leveraged by fledgling firms which have participated in the Seedcorn Business competition which offers budding entrepreneurs the opportunity to develop their business idea; improve their business plan with expert advice; learn how to present concepts to panels of investors; gain exposure to venture capitalists.

"Winning the competition enhanced Enbio's profile domestically and internationally. It was a catalyst to raise investment, hire scientists, open laboratories and realize our vision." (Dan Philpott)



Dan Philpott, Chief Executive Officer and Dr Donncha Haverty, Chief Scientific Officer of Cork based Enbio, winner of the 2006 Seedcorn Competition with InterTradelreland Chairman, Dr Martin Naughton. The company develops innovative technologies that will reduce the trauma and the recovery time experienced by patients of medical implant surgery.

Supply Chain Ireland

Supply Chain Ireland, drawing on the participation and expertise of leading public and private sector practitioners in supply chain management continued to deliver programmes of activity to develop linkages between companies across the island. In 2006 InterTradelreland formed a partnership with the Food Strategy Implementation Partnership and Enterprise Ireland to jointly fund the delivery of the programme and commenced working towards funding 24 food companies in Northern Ireland over a two year period.

Irish Best Practice Forum



The Irish Best Practice Forum is a consortium of Agencies North and South of the Island consisting of Enterprise Ireland, Invest Northern Ireland, Shannon Development Agency, Údarás na Gaeltachta, Forfás and facilitated by InterTradelreland.

A plenary meeting of the Forum was held in Newry on 28th March 2006. A further plenary meeting was held in An Daingean, Co Kerry in September 2006 and was followed directly by a Best Practice visit, attended by 7 participants which took place at Lampaí an Daingean Teo in Ballyferriter Co Kerry. A further Best Practice visit was organized to Copeland limited in Cookstown and this was attended by 15 company representatives (9 NI/6 RoI). In addition the Forum participated in the 'Achieving Performance Excellence'

Conference in Dublin Castle in May 2006. A total of 350 delegates were in attendance and there were presentations by 28 companies from Ireland, Europe, USA and the Far East. InterTradelreland hosted a pre-conference event in Farmleigh House which was attended by 40 speakers and delegates.

Go-Tender.

Go Tender is a programme funded by InterTradelreland that aims to enhance the skills, expertise and efficiency of those who wish to win public sector business across the island. This is achieved during an intensive two day workshop and one to one mentoring sessions where companies are taught how to negotiate the process involved by using live tenders. There were a total of 154 attendees at Go-Tender workshops in 2006.

Dates 2006	Location	Attendees
16th & 28th February	Belfast	20
21st February & 2nd March	Cookstown	12
23rd March & 4th April	Galway	17
25th April & 9th May	Dublin	20
30th May & 8th June	Dublin	17
18th & 19th May	Kilkenny	19
25th July & 8th August	Belfast	17
2nd & 13th Oct	Belfast	19
28th Nov & 8th Dec	Belfast	13

All-Island Public Procurement

On the 15th March 2006 a total of 250 procurement professionals from North and South participated in the inaugural All-Island Public Procurement Conference and exhibition which was held in the Ramada Hotel in Belfast. A total of 29 suppliers also took part in the exhibition which ran in parallel with the conference. InterTradelreland was the main promoter of the event in conjunction with the Central Procurement Directorate in Belfast and the Department of Finance in Dublin.

Community of Interest Networks:

- Universities Ireland
- North South Round Table Group (NSRG)
- PLATO
- US/Ireland Research Partnership
- Microtrade
- Framework Programme 7 Pilot All-Island Initiative
- International Centre for Local and Regional Development (ICLRD)

InterTradelreland sees the importance of providing a focal point for the creation and support of Communities of Interest Networks.

Universities Ireland

Universities Ireland is a model for co-operation and collaboration amongst the 9 Universities on the island of Ireland. In April 2006, the report 'University Collaboration on

Technology Transfer: An All-Island Feasibility Study' was launched. This study, commissioned by InterTradelreland on behalf of Universities Ireland and the Irish Universities Association, identified the intellectual property and technology transfer services currently on offer within the Universities on the island and provided initial recommendations on how the Universities can work together to maximise exploitation of research results.

The core recommendations included the establishment of a strategy task force on technology marketing and the establishment of a subgroup of Universities Ireland to advise on IP management and technology transfer policy issues. The report was endorsed by the council of Universities Ireland and in order to implement the recommendations from the report Universities Ireland established a Task Force on Joint Technology Marketing. The first meeting of this Task Force took place on the 4th May 2006 and included representatives from Universities Ireland, InterTradelreland, IUA and the Directors of the Technology Transfer Offices in the Universities North and South. A business plan to develop and cost a comprehensive joint technology marketing strategy was presented to the Vice Presidents for Research of the universities at a meeting held in Dublin on the 15th December 2006. Given that the technology transfer landscape in Ireland had changed significantly over the past 12 months, with a number of new Technology Transfer appointments within the universities, it was agreed that the next step would involve a meeting of the Directors of Technology Transfer and Vice Presidents for research during 2007 to review the situation and provide input on the structure of the

University Collaboration on Technology Transfer Feasibility Study

During the year InterTradelreland examined the potential for collaborative activity in the area of intellectual property management and technology transfer by universities throughout the island. Our research which was published in June, identified that industry in general, and large multinationals in particular, want one cohesive point of contact to university technologies and services. As a result, a joint marketing task force was established to explore ways of creating a single marketing strategy. The opportunities for growth and the resulting economic benefits for both economies on the island are enormous.



Andy Pollak Secretary Universities Ireland and Aidan Gough, Strategy and Policy Director at the launch of the study.

proposed marketing entity.

North/South Roundtable Group

The North/South Roundtable Group (NSRG) is a unique informal private sector led "think tank". It brings together leading figures in the public and private sectors, North and South, to discuss how best to enhance the economic well being of the island of Ireland in a way that is mutually beneficial. InterTradelreland provides assistance in the form of secretariat support.

In February 2006 a plenary meeting was held in Cork. It addressed the subject of labour markets and was attended by over 80 high level decision makers and influencers from the public and private sector North and South. A second plenary meeting took place in Belfast in November 2006 with over 70 attendees who considered innovation in an island context.

The NSRG Joint Chair addressed a Newry Chamber of Commerce event in May 2006 at which uniquely, the US Ambassador to Ireland James C Kenny and the US Ambassador to the United Kingdom Robert Holmes Tuttle addressed the event jointly.

The NSRG participated in first IBEC/CBI Joint Business Council seminar held in the Irish Embassy in London to discuss East/West economic development between these islands. In February 2006 the NSRG facilitated and chaired the first informal meeting between the American Chamber of Commerce in Ireland and US companies investing in Northern Ireland on enhancing and expanding Foreign Direct Investment.

Throughout the preparation of 'The Comprehensive Study of the All-island Economy' by the British and Irish Governments, the NSRG made formal submissions in respect of the work it had already completed and responded to the emerging analysis. This input was formally recognized by

the Northern Ireland Secretary Peter Hain MP and the Minister for Foreign Affairs Dermot Ahern TD.

PLATO.

PLATO Ireland is the business support forum for owner managers of small and medium enterprises (SMEs) facing the challenges of today's business world. Through a unique partnership with large "parent" companies, PLATO provides SMEs with facilitated group learning, specialist expertise and advice, networking opportunities, business development training, and cross border activities. InterTradelreland provides financial support for the Island regional co-ordinator to promote the PLATO concept, developing existing PLATO networks, promoting the establishment of new network partnerships and delivering the All-Island National Networking event.

A regional networking event, "Going for Growth", was held in conjunction with PLATO Newry & Louth on 3rd March 2006. The event which attracted over 120 SMEs took place in the Fairways Hotel, Dundalk and included presentations by Gerry McCaughey (Kingspan), Fergal McCormack (FPM & InterTradelreland Board member) and Brody Sweeney (O'Briens Sandwiches). Both Glen Dimplex and Microsoft presented case studies

US-Ireland R&D Partnership

The United States of America, Ireland and Northern Ireland have come together for a unique initiative to increase the level of collaborative R&D among researchers and industry across the three jurisdictions that will generate innovations to the marketplace and lead to improvements in healthcare, disease prevention and other technologies.

The Partnership has its origins in the U.S.-Ireland Business Summit that took place in Washington, DC in 2002. The US Ireland R&D Partnership Steering Group was established during 2005.

InterTradelreland hosted the thematic workshops of the U.S.-Ireland R&D Partnership on the 27th and 28th February 2006. These workshops, in the areas of Diabetes, Cystic Fibrosis and Avian Influenza, were attended by leading scientists in Ireland, Northern Ireland and the U.S. On 23 June 2006, in the Royal College of Surgeons, Gerry McElvaney Chairman, Department of Medicine welcomed 52 participants to the first Joint US-Ireland workshop on 'Infection and Inflammation in Cystic Fibrosis and the Therapeutic Implications'.

The US-Ireland R&D Partnership was officially opened for business at a launch event, held at the residence of the US Ambassador to Ireland on 5th July 2006. A gathering of over 70 people, drawn from academia, business and Government from both jurisdictions heard keynote addresses from the Ambassador, Minister Micheál Martin TD and the Department for Employment and Learning Permanent Secretary, Aileen McGinley. Since then, work has been concentrating on the establishment of trilateral research teams and the generation of research proposals. As part of the US-Ireland R&D Partnership, a nanotechnology workshop was held on 23rd and 24th October 2006 in Belfast. The workshop was attended by over 120 leading research and industry experts from the US, Ireland and Northern Ireland. The topics covered included nanobiotechnology, spintronics-nanomagnetism, nanoscale computation and self-assembly of nanomaterials aimed at the electronics, communications technology and biotech industries.

Launch of the US-Ireland R&D Partnership

The US/Ireland R&D Partnership is a tri-jurisdictional alliance that aims to promote collaborative innovative research projects into diabetes, cystic fibrosis, nanotechnology and sensor technology, creating value above and beyond individual efforts.

"Through international collaboration, quality standards are driven upwards and engagement with best practice ensures that researchers compete at the cutting edge of science and technology. I am confident that by sharing our expertise and experience we can make significant progress and put the island of Ireland firmly on the map as an international centre of excellence in these research areas. This is fundamental to the competitiveness of our respective economies." (Micheál Martin TD, Minister for Enterprise, Trade and Employment)



Dr Killian Halpin (Ireland Co-Chair), Professor Fabian Monds (Northern Ireland Co-Chair), Minister for Enterprise, Trade and Employment Micheál Martin TD, US Ambassador to Ireland James Kenny and Aideen McGinley, Permanent Secretary at the Department for Employment and Learning (DEL) in Northern Ireland pictured at the launch of the US-Ireland R&D Partnership in July 2006.

MicroTrade

microTRADE
Building All-Island Connections for Small Businesses

MicroTrade is a joint initiative between InterTradelreland, County & City Enterprise Boards and Enterprise Northern Ireland. The programme helps small businesses build contacts, markets and partnerships across the island of Ireland.

MicroTrade held a regional business networking event in Cork on 24th January 2006. The four

Enterprise Boards in county Cork played host to over 100 Cork businesses and the visiting party of 28 NI businesses. This was the first all-island networking event for small businesses in the Cork area, with delegates enjoying a series of pre-arranged meetings and SpeednetworkingTM opportunities. Minister Michael Ahern TD, the then Minister for Trade and Commerce at the Department of Enterprise, Trade and Employment, attended the event, and praised MicroTrade's efforts in helping small businesses explore all-island markets.

The 'MAIN' Event, and the Annual MicroTrade Conference, took place on 4th and 5th April 2006 at Citywest. Once again the event was well received with a total of 230 companies attending, with additional delegates from City and County Enterprise Boards (CEBs) and Local enterprise agencies (LEAs) bringing the total attendance to over 400. The MAIN Event itself was opened on the morning of 5th April 2006 by Padraig O'Ceidigh, co-founder and Managing Director of Aer Arann. Delegates attended pre-arranged meetings with buyers from companies such as Aer Lingus, Grafton Recruitment and the Central Procurement Directorate. Delegates could also avail of Ask the Expert sessions with a panel of advisors from FPM Chartered Accountants, National Irish Bank, Morgan McManus Solicitors, the Small Firms Association, Joan Baker, author and financial expert, and Krishna De of OneOcean, a Dublin based branding and marketing company.

Following a successful networking event held in Cork in January 2006, the 28 visiting Northern Ireland companies involved acknowledged that the event generated worthwhile contacts with aspirations of future contracts/sales. As a result MicroTrade hosted a 'Cork Goes North' event on 3 October in Belfast. A total of 17 Cork companies travelled to Belfast and met with 45 northern companies. In the evening the Cork companies attend a B4B network event organised by Castlereagh Enterprise Agency at which they met with a further 90 companies. In November 2006 a Carlow and Kilkenny Go North event took place in Dungannon. A total of 50 companies from across Northern Ireland met with 9 Carlow/Kilkenny furniture and engineering companies.

Framework Programme 7 Pilot All-Island Initiative

The Science, Technology and Innovation work stream of the British Irish Intergovernmental Conference (BIIGC) identified a range of initiatives whereby co-operative activity can achieve immediate and sustained mutual benefit. This included a new all-island approach to international collaboration in Science and Technology, specifically with regards to the European Union Framework Programme. A Steering Group, comprising representatives from Enterprise Ireland, Invest Northern Ireland and InterTradelreland was established in October 2006 and the first meeting was held in November 2006 to discuss a pilot initiative to promote and support increased engagement by SMEs in Framework Programme 7 on a cross border basis. It was agreed that potential sectors for the pilot initiative would be identified and the pilot proposal developed accordingly. A detailed proposal will be completed during 2007.

International Centre for Local and Regional Development (ICLRD)

A conference was held in November 2006 in collaboration with the ICLRd. The conference gave the Department of Regional Development and the Department of the Environment, Heritage and Local Government the opportunity to consult with stakeholders from the business sector, local and central government on the development of the collaborative framework. The conference was addressed by Minister Dick Roche TD and Permanent Secretary Gerry McGinn. It was clear that both Departments are committed to joined-up spatial planning and are working closely together to produce a framework in 2007.

Performance Indicator:

The increased number of businesses engaged in developing cross-border business, measured through direct engagement with our network projects and our network enabling tool projects:

Achieved 2006 - 2,622 and 347
Business Plan Targets - 1,800 and 300

Acumen



InterTradeIreland Acumen helps small and medium enterprises increase cross-border sales and develop other forms of commercial co-operation across the island. The programme concentrates exclusively on stimulating cross-border trade by assisting individual

SMEs with tailored consultancy and salary support mechanisms for market builders, in cross border markets in Ireland. Companies on the programme report that they are becoming more confident and determined in their wider exporting efforts after they have proven that marketing away from home in a cross border market is a viable proposition. The demand for the programme is holding up remarkably well and indeed demand outstrips capacity to provide support for applicant companies.

On 18 May 2006 a First Time Exporting event was held in Galway in conjunction with Udaras Na Gaeltachta and Enterprise Ireland in Galway. The event was attended by 52 companies who benefited from the experience of speakers drawn from actual successful exporting companies and other exporting professionals. In 2006 Acumen admitted a further 85 companies to the programme bringing the total companies assisted to 192.

How Acumen helped Teemore Engineering, Co Fermanagh

Teemore Engineering, Teemore, Co Fermanagh specialises in the manufacture of agricultural aids to improve animal comfort on the modern farm. The company gained Prospector Support from Acumen to find a way to sell their products in the South. An experienced Wicklow-based agricultural specialist was taken on to deliver the assignment. Teemore now has an extensive dealer and agency network in Ireland and are achieving annual sales of £350,000, representing more than 30% of their overall turnover.



Teemore Engineering

FOCUS



FOCUS is an all island strategic marketing and sales initiative. The project is now rolling out following a successful pilot phase. The initiative is regarded as a network enabling tool and facilitates partnerships and projects between:

- Companies; private sector business, on an island wide basis
- Graduates; Degree / Diploma holders with a strategic marketing bias
- Sales Consultants; experienced sales and marketing advisors

Throughout 2006 all of the graduates were involved in prospecting and researching markets

that will lead to sales for the companies. In addition valuable work was carried out on brand awareness, database development, arrangement of trade shows and website development. Both graduates and company managers reported high levels of progress being made on their individual projects.

Network Getwork



The InterTradeIreland Network and Getwork programme is a trade development initiative, promoted by the Chambers of Commerce, to encourage and assist companies across the island to explore cross-border business opportunities with some of the island's largest procurement organisations.

Network & Getwork events for 2006:

Date	Location	Buyers	Attendees
24/01/2006	Belfast	Belfast City Council	54
22/03/2006	Letterkenny	Bank of Ireland; Danske (National Irish Bank & Northern Bank) and Pramerica Systems.	37
10/ 05/2006	Dublin	Dublin City Council	86
20/06/2006	Cork	Barrys Tea, Corrib Food, Musgrave Group, the Ramada Group and Regional Supply Services (NI).	37
21/06/2006	Dublin	Accenture	36
11/09/2006	Belfast	FG Wilson	68
26/09/2006	Dundalk	SIAC Construction Group	27
10/10/2006	Belfast	Regional Supplies Service	54
14/12/2006	Dublin	Health Services Executive	50
12/12/2006	Belfast	Suppliers to the Tourism Industry	37

FUSION



FUSION is InterTradelreland's all-island technology transfer initiative that gives companies with technology based needs the opportunity to work within three-way partnerships that include third-level research institutions with specialist expertise, and a high-calibre science and technology graduate.

The FUSION Pilot project concluded with a total of 62 projects having completed. The final project completed in August 2006.

During 2006 an Armagh based company, who completed in June 2004, revealed that FUSION had saved the company from serious decline. As a direct result of FUSION the company achieved efficiency savings of £20,000, overall increased turnover £900,000, investment £24,000 and new contracts worth £30,000. McElmeel Mobility is now able to compete with the UK market.

During 2006 a total of 56 projects were approved to join the FUSION Roll-Out Programme, bringing the total number of approved projects to 151. In 2006 the demand from companies, particularly in the South, outstripped the contract provision for the programme.

FUSION - RAP

RA Pacaisti Teoranta (RAP) is a small Donegal a range of paperboard packaging products for the food sector. It wanted to introduce an entirely new range of clear film products to attract new customers. However, to make this viable, the company needed to improve the running speed of existing machinery, reduce down time and scrap, and improve quality. FUSION enabled RAP to employ a graduate who worked closely with an academic from Queen's University Belfast Polymer Processing Research Centre. The partnership helped the company to reduce costs and improve their competitiveness. The result was a 400% increase in production speed and a tenfold increase in turnover, half of which was directly attributable to FUSION.



Pictured from L to R John Mc Dermot General Manager RAP, Dermot McDermot Fusion Graduate RAP and Alan Clarke Extrusion Manager PPRC, Queens University Belfast.

FUSION Graduation 2006

The first 18 graduates from the FUSION roll out graduated from Smurfit Business School on Friday 22 September 2006, when they received their Post Graduate Diploma in Management Practice. The ceremony was

also the stage for the presentation of the first 'Mary Breslin Award'. This award was presented to the graduate who achieved the highest score in their Post Graduate Diploma. The winning graduate received a medal as well as a travel scholarship which will benefit their FUSION partner company.

FUSION Graduation

18 FUSION students were conferred with an Advanced Diploma in Management Practice at the Smurfit School of Business, UCD in October 2006. They are pictured after receiving their diplomas.

Fusion is an all-island technology transfer programme which aims to develop and implement solutions to technical needs within companies by partnering them with high quality graduates and the facilities and expertise of a specialist university, college or research centre.

Since the FUSION pilot began in 2001 InterTradelreland has funded 62 projects across a wide variety of sectors, helping to deliver over £10 million of benefits. The Fusion rollout programme has been running since 2004 with almost 80 projects now underway and companies estimating benefits of £46 million.



2006 FUSION graduates

Innova



InterTradelreland's work in the area of Science, Technology and Innovation has given rise to Innova a collaborative R&D programme. The programme is aimed at stimulating, promoting and supporting R&D co-operation between firms, North and South, with the support of public research organisations where required. This support for funding collaborative research is expected to create a supportive environment for joint North/South activities and encourage synergistic and complementary flows of technology among partnerships and networks of private companies, particularly SMEs, to the benefit of the island economy.

By the end of 2006 all eight Innova collaborative projects were operational representing partnerships

across a range of health and technology issues, including cancer diagnostics, colon cancer treatment, microscopy instruments and a hygiene management system for health care institutions. The partners are:

- Fusion/Luxcel - Cancer in vitro diagnostic
- Randox/Biotrin - Pancreatitis diagnostic
- Dunbia/Alltech - Antioxidant/anticancer product
- Fusion/Opsona - Inflammatory & autoimmune drugs
- Aepona/Rococo - Enterprise application server/telecoms
- EiRx/Almac - Colon cancer
- Andor/FBM - Microscopy
- Hunter/Itronic - MRSA controls

Innova - EIRX

Cork based EiRx Therapeutics Ltd specialise in therapeutic manipulation of tumour cell growth and survival mechanisms while Almac Diagnostics of Craigavon is a world class genomic screening organisation specialising in the isolation of genes to identify specific diseases.

InterTradelreland's Innova programme has enabled the companies to work together to develop a treatment for colon cancer and has accelerated their plan to engineer colonic cancer cells and analyse the genes which need to be 'switched off' to prevent them multiplying further into malignant tumours.

Both companies believe that this kind of collaboration will benefit their growth and contribute significantly to the reputation of the island of Ireland as a centre of excellence attracting the attention of the big global pharma companies. They are clear that apart from the prospects for their specific project, funding such as Innova will create a significant pool of excellence, produce world-class research and create world-class jobs.

The North-South Waste Management Forum

The Forum, initiated by Irish Central Border Area Network (ICBAN)/Special EU Programmes Body (SEUPB) towards the end of 2005, had its first formal meeting on 31st January 2006, hosted by InterTradelreland. Membership included SEUPB; ICBAN; Dept of Environment, Heritage and Local Government; Environmental Protection Agency; Dept of Environment NI; Southern Waste Management Partnership (SWAMP); Monaghan County Council; Forfás; Invest NI; IBEC/CBI Joint Council and InterTradelreland.

British Irish InterGovernmental Conference

At the beginning of 2006 a project on North/South Economic Co-operation, was commenced in response to the call made by the Secretary of State for Northern Ireland and the Minister for Foreign Affairs at the meeting of the British Irish Intergovernmental Conference on the 2nd February 2006. The Secretary of State and the Minister for Foreign Affairs noted specifically the scope for further practical co-operation of the development of an all-island economy and agreed that a comprehensive study should be undertaken to identify areas where future co-operation would deliver mutual benefits and examine how such co-operation might best be taken forward.

The project team had representation from the Department of Enterprise, Trade and Investment, InterTradelreland and Forfás, and an Oversight Group drawing senior representation from Office of the first Minister, Deputy First Minister, the Department of the Taoiseach, Department of Enterprise Trade and Investment, Department of Enterprise Trade and Employment, Department of Foreign Affairs, Department for Employment and Learning,

North South Ministerial Council, InterTradelreland and the business community.

InterTradelreland provided inputs on the four key areas of Science, Technology and Innovation, Enterprise and Business Development, Trade and Investment Promotion and Labour Market and Skills. The report "A Comprehensive Study on the All-Island Economy" was published in November 2006 by the Secretary for State Peter Hain MP and Minister for Foreign Affairs Dermot Ahern TD. The report had been requested by the British Irish InterGovernmental Conference and InterTradelreland was involved at every stage of its production. The report stated a vision of an island characterised by a strong competitive and socially inclusive island economy with strong island-wide economic clusters whose development is not impaired by the existence of a political border.

Business and Economic Research

Our work on cross-border trade and business development is underpinned by a solid research agenda that seeks to develop our understanding of the dynamics behind the emerging island economy and to inform our policy choices.

GEM Ireland 2005 (Global Entrepreneurship Monitor) - May 2006

InterTradelreland, in association with Enterprise Ireland and Forfas launched the GEM Ireland 2005 report on 2 May 2006. The report assesses the current state of entrepreneurship in Ireland. These results are then compared with the position across the other 36 countries involved in GEM. The 2005 report found that Ireland remains one of the leading countries in Europe in terms of entrepreneurship and is fast approaching the levels of early stage entrepreneurial activity prevalent in the United States.

Fostering Entrepreneurship – Ernst and Young Case Materials

Case Studies were compiled for 7 entrepreneurs/companies selected from the Ernst & Young Entrepreneur of the Year Award finalists from 2004 and 2005. The case studies were produced in DVD format and distributed to schools and colleges across the island.

Spatial Strategies on the Island of Ireland - Development of a Framework for Collaborative Action

This report used international case studies to demonstrate how cross border co-operation between separate countries on spatial development and infrastructure co-ordination can increase

their competitiveness while maintaining the integrity of individual jurisdictions. At the moment there are two spatial strategies on the island of Ireland - The key finding from this report is that the complementary features of The National Spatial Strategy for Ireland and the Regional Development Strategy for Northern Ireland should be drawn out and linked. In collaboration with the International Centre for Local and Regional Development (ICLRD) and the Department of Regional Development and the Department of the Environment, Heritage and Local Government, work was undertaken to advance the recommendation for a collaborative framework for action linking both spatial strategies on the island.

Launch of Spatial Strategies on the Island of Ireland Report

The report recommended that the two Governments establish a new framework for collaborative action. It used several European case examples, illustrating a diverse range of cross-border initiatives, to show that collaboration on spatial development and infrastructure can increase the competitiveness of individual countries while maintaining the integrity of individual jurisdictions.



Feargal McCormack, Chairman of ICLR, InterTradelreland Chairman Dr Martin Naughton and Strategy & Policy Director, Aidan Gough at the launch of 'Spatial Strategies on the Island of Ireland' June 2006.

All-Island Innovation Systems Project - Paper delivered April 2006

There were two outputs from this project:

- A chapter on the innovation system in Ireland for a book comprising of a ten country study of innovation systems in small countries in Europe and Asia that will be published next year
- A paper delivered in April 2006 that addresses two main questions. First, what are the strengths and weaknesses of the innovation systems on the island of Ireland and how do they compare to those of other small economies? Second, is the evidence on the characteristics and properties of the innovation systems of Northern Ireland and Ireland consistent with the existence of an all-island system of innovation? The findings of the paper were that although the structure of the innovation system in Ireland and Northern Ireland are weak the two economies tend to lead most benchmarked countries both in the extent and quality of innovation achieved and in terms of economic growth. The apparent contradiction is explained by inward technology transfer. Little evidence was found to suggest an all-island system.

Direct Shipping to North America

InterTradelreland contributed to the Direct Shipping to North America Study in 2006.

The principle aims of the project are:

- To examine current services and shipping arrangements being used by Irish Exporters and Importers on Transatlantic routes.
- To examine present traffic volumes, current and future trends
- To identify future shipping requirements on these routes, taking into account requirements for non-standard containers or other vehicles and ships
- To determine the intentions of the Lines currently on the routes concerning future service development for Irish cargoes.
- To identify the capabilities of Irish Ports to handle the type of vessels required for such shipping.
- To identify the N. American Ports suitable for such traffics.
- To identify Lines and Operators who may enter the Irish Market.

The final report is due to be launched in 2007.

Business Networks on the Island of Ireland

This report presented a snapshot of the business networks and clusters on the island of Ireland. It concludes that the incidence of networks and clusters is widespread and that significant numbers of companies are involved. In fact, the report identifies a total of 110 networks and clusters across the island – with participation drawn from close to 10,000 firms, 93% of which are small or medium-sized enterprises.

Launch of report into Business Networks on the Island of Ireland

A report into Business Networks on the Island of Ireland was published in July 2006 which recommended increasing the number of Networks and Clusters on the island of Ireland through awareness raising and involving all the development agencies North and South in detailing the potential benefits to business. Practically, the aim is to provide local firms with access to information on how and why to set up a network, provide a central resource to facilitate companies to connect with other networks and help existing and new networks to access a mix of financial and technical support. The second recommendation was to improve the range and scope of Network and Cluster facilitation by establishing a programme for training and professional development of network facilitators which will lead to a recognised and independently monitored qualification. Recommendations three and four were to improve the flow of information by establishing a network information repository and to develop credible data on Network and Cluster performance.

"Economists have pinpointed the importance of dense collaborative networks to regional business success in the US, Italy and Germany. However until this report, we knew very little about the extent of business networks across the island of Ireland. With the implementation



L to R Paul McCormack Newry and Mourne Enterprise Agency, Dermot O Doherty InterTradelreland and Bridie Corrigan-Mathews Skillsnet at the launch of the Business Networks Report.

of these recommendations we will be bringing a wider and more comprehensive approach to the development of networks than is available anywhere else in the world. This is the first attempt to introduce such a broad networks strategy with a clearly articulated and adequately funded action plan" (Aidan Gough, InterTradelreland Strategy & Policy Director)

Mapping Study of Research & Technological Development Centres on the Island of Ireland

In September 2006 the InterTradelreland Board engaged in an all-island Mapping Study of the Research & Technological Development (RTD) Centres on the island of Ireland. RTD centres, Centres of Competence and Centres for Science Engineering and Technology (CSETs) exist North and South, but are not directly comparable in terms of structure and services. In order to inform policy with regards to closer collaboration between centres on an all-island basis, a comprehensive mapping exercise of the relevant centres was required. In due course the mapping study will be used to inform the development of a collaborative strategy for action on the part of policy makers and development agencies, North and South, to promote and develop links in this area. To oversee the study a Steering Group, comprising representatives from the Department of Enterprise, Trade & Investment, the Department of Enterprise, Trade & Employment, and the Department for Employment & Learning, Invest Northern Ireland, Enterprise Ireland, Science Foundation Ireland and InterTradelreland was established in October 2006.

All-Island Business Model

The All-Island Business Model was completed in 2006. Taken together the constituent reports greatly enhance our understanding of firm level activity on the island. The report was published as a series of monographs on the Economic Research Institute of Northern Ireland (ERINI) and InterTradelreland websites:

- Cross border business co-operation and business performance
- Who exports? A Firm level study of the characteristics of exporters and the determinants of export performance for Northern Ireland and the Republic of Ireland
- Competitive performance in industry: an all island review
- Innovation success and business performance: an all-island analysis
- How is competitiveness distributed in Irish industries
- Productivity, profitability and the cost structure of manufacturing in Ireland and Northern Ireland

Visit of EU Commissioner Charlie McCreevy to InterTradelreland

"The creation of an all-island approach to the economy is a sub-set of creating a fully functioning internal market. Every step-up in scale, every advance towards openness, every barrier removed, creates opportunity and grows potential." EU Commissioner Charlie McCreevy speaking in Newry, as guest of InterTradelreland in June 2006, to over 100 business people, senior policy makers and elected representatives North and South.



EU Commissioner Charlie Mc Creevy speaking in Newry June 2006.

On-Line Facilities and Resources

Business and Economic Research Reports - Downloads 2006:

- Mapping the Bio Island (2003) – 1,223;
- A Review of the All-Island Construction Sector (July 2003) - 2,574;
- North/South Trade: A Statistical Ground Clearing Exercise (2003) - 362;
- A North/South Analysis of Manufacturing Growth and Productivity (2003) – 858;
- A Review of the Horticulture Industry (2004) – 621;
- Entrepreneurship on the Island of Ireland in 2003 – 111;
- Review of the All-Island Financial Services Sector (2004) – 495;
- Cutting Our Cloth: A review of the All-Island Clothing and Textiles Industry (2005) 655; and
- Entrepreneurship on the Island of Ireland in 2004 – 5,627.

Get2Business

(www.intertradeireland.com/get2business)

InterTradelreland launched the get2business website on 15th February 2006. The website was developed to meet the need for a central database of information to help companies to develop their business. In November 2005 InterTradelreland published the report Entrepreneurship on the Island of Ireland

which highlighted difficulties experienced by companies in accessing all the relevant information on support, advice and training available for new and growing businesses on the island. Through the Get2Business website InterTradelreland has addressed this information gap with a one-stop source that also directs users to relevant resources. In 2006 the site received 2,569 visits and 38,396 hits.

Launch of Get2business portal launched 15 February 2006

Pictured: Rachel Mullan who test piloted the new get2business portal and used the information to start her own Event Management business, Occasions by Rachel. The site offers a range of help to companies including business planning, networking, training and mentoring and finance. It is a comprehensive database of enterprise support organisations.



Rachel Mullen launching the Get2business portal

www.expertiseireland.com



Funded by InterTradelreland and jointly managed with Irish Universities Association, expertiseireland.com is the gateway to the island's knowledge base and is the most advanced on-line portal of its kind in Europe. This on-line portal acts as the first point of contact for anyone seeking details about the research community on the island of Ireland. Launched in July 2003, the portal is driven by a powerful database populated directly from the knowledge management systems of the island's research institutions. The information supplied through the portal is high quality, reliable and updated daily.

In 2006 the number of expert profiles exceeded 39,975 and a total of 770 new users registered with the portal. There were 30,557 visits, 890,803 hits and a total of 20,620 searches were carried out during the year, with 9,540 expert profiles being accessed. In March 2006 expertiseireland.com participated in Invest NI's Innovation Week as part of awareness-raising activity among SME's.

www.go-source.com



Go-Source is our online directory of every public sector organisation on the island of Ireland. Included in each organisation's profile are contact details for buyers, their procurement structure and what they buy. The website provides links to live tenders, hints on accessing contracts and valuable information on the structure of Government bodies and their procurement procedures. Usage of the website captured by WebTrends for 2006 is "76,671 visits" and "799,362 hits".

Trade Statistics Website

The InterTradelreland Trade Statistics website enables access to a range of comparable data on trade and production for Northern Ireland, Ireland and composite all-island data in the form of statistics, charts, and interactive graphs. During 2006 there were a total of 1,384 "visits" to the website and 1,119,912 "hits"

Performance Indicator:

The value of trade and business development activity generated by all-island networks and by those firms engaged in our cross-border business through our projects:

**Achieved 2006 - £30.8M/c€45M
Business Plan Target - £20M/c€29M**

FUSION

Results of monitoring the companies that have completed a Fusion programme show an additional value in 2006 of £4.474M/c€6.58M.

ACUMEN

Acumen performance for 2006 for the companies who have completed the programme is additional sales of £14.5M/c€21.31M and 46 additional jobs created.

EquityNetwork

In 2006 companies that participated in the Seedcorn Competition raised a total of £8.151M/c€11.98M.

MicroTrade

The 'Main Event' held in April 2006, and the 'Business to Business Link-ups' initiative have returned a trade value of £1.096M/c€1.61M.

FOCUS

In 2006 the total sales achieved by companies on the FOCUS Programme was £1.719M/c€2.53M.

Network & Getwork

Companies who have participated in the Network & Getwork programme have reported a business development value for 2006 of £0.794M/c€1.17M.

Efficiency Ratio of Operating Costs to Programme Costs

Within our Corporate Plan 2005-2007, we committed to improving our efficiency of operating costs to programme costs to 1:2.5 by 2007. Our efficiency ratio has risen from 1:1.9 in 2004, to 1:2.3 in 2005 and to 1:2.7 in 2006.

AUDITED ACCOUNTS



Foreword to the Accounts

Background Information

Inter*Tradel*reland - The Trade and Business Development Body - is a North/South implementation body sponsored by the Department of Enterprise Trade and Investment in Northern Ireland and the Department of Enterprise Trade and Employment in Ireland. The Body was established on the 2nd of December 1999 under the Belfast Agreement 1998 and the British-Irish Agreement 1998 establishing implementation bodies, which is underpinned by the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British Irish Agreement Act 1999. The Trade and Business Development Body's principal functions are to exchange information and co-ordinate work on trade, business development and related matters, in areas where the two administrations specifically agree that it would be in their mutual interest. Specific areas include amongst others - co-operation on business development opportunities North and South, devising new approaches to business development and competitiveness, promotion of North-South trade supply chains and other areas when tasked jointly to do so.

These accounts have been prepared in accordance with the accounts direction attached in Appendix A.

Business Review

A full review of the Trade and Business Development Body's activities is given in the Annual Report.

Results for the Financial Year 1 January 2006 - 31 December 2006

The results of the Trade and Business Development Body are set out in detail on page 60. The surplus for the period was £427,846 (€627,526).

Fixed Assets

Details of movement of fixed assets are set out in note 8 & 9 to the accounts.

Research and Development

The Body has not participated in any scientific or technological research and development activities over the year. However, it was involved in economic and business related research.

Future Developments

During 2007 the Body will continue to implement its 2005 - 2007 Corporate Plan. Inter*Tradel*reland's key strategic objective for the period 2005 - 2007 is to increase the number, effectiveness and value of all-island trade and business development networks.

Important Events Occuring After the Year End

There have been no significant events since the year end 31st December 2006, which would affect these accounts.

Charitable Donations

The Trade and Business Development Body paid £470 (€689.35) to the Newry Chamber of Commerce and Trade for ten board members and senior management to attend their annual Business Christmas Charity Lunch. Participation in this event was warranted by the networking opportunities. Charities aided by this event included Rathfriland Hill School, St. Vincent De Paul, Salvation Army and Daisy Hill Hospital Newry.

Board Members

The functions of the Body are exercised by the Board. The following served as board members during the period:

Dr Martin Naughton (Chairman)

Mr Barry Fitzsimons (Vice Chairman)

Ms Mary Ainscough

Mr John Fitzgerald

Mr Jack Gilmour

Ms Jackie Harrison

Mr Carl McCann

Mr Feargal McCormack

Ms Inez McCormack

Mr Robbie Smyth

Ms Rosaleen Doherty (appointed 11 October 2006)

The Chief Executive is Mr. Liam Nellis. The Chief Executive is responsible for the management and control generally of the administration of the Body.

Equal Opportunities

The Trade and Business Development Body has continued to promote an Equal Opportunities Policy which sets out our commitment to provide employment equality to all, irrespective of:

- Gender, marital or family status
- Religious belief or political opinion
- Disability
- Race or ethnic origin
- Nationality
- Sexual orientation

The Policy reflects model procedures and practices recommended by the Equality Commission.

We are opposed to all forms of unlawful and unfair discrimination. All full-time and part-time employees and job applicants (actual or potential) will be treated fairly and selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. Our customers, suppliers and members of the public with whom we interact are also afforded equality of treatment in this regard.

Our building is fully compliant with the requirements of the Disability Discrimination Act 1995 and has won the William Keown Access Award in 2002.

Currently none of our employees have declared that they have a disability under the definitions of the Act.

Statutory Equality Scheme

The Body's Equality Scheme was approved by the Equality Commission in March 2002. The Body continues to be committed to implementation of its statutory responsibilities, by having regard to the need to promote equality of opportunity:

- Between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Between men and women generally;
- Between persons with a disability and persons without;
- Between persons with dependents and persons without.

In carrying out its functions relating to Northern Ireland, the Body will have regard to the desirability of promoting good relations between persons of different religious beliefs, political opinion or racial group.

The Trade and Business Development Body has been actively working to implement its action plan and following a screening process, is currently undertaking Equality Impact Assessments, in key areas.

Employee Involvement

The Trade and Business Development Body does not have a trade union with negotiating rights. Staff are, however, consulted at all times as new procedures and policies are developed and they have an opportunity to contribute or comment.

Payment to Suppliers

The Trade and Business Development Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment of Commercial Debts (Interest) Act 1998, and the Irish Prompt Payments Act 1997. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later as required by legislation. Ninety-six percent of all approved invoices were paid within the relevant period.

Health and Safety Policy

The Trade and Business Development Body has a Health & Safety Policy and Procedures covering the organisation and its premises. Procedures for evacuation and security arrangements are in place for the Body and regular drills and tests are carried out. First aiders and fire wardens have been appointed and received necessary training.

Liam Nellis
CHIEF EXECUTIVE
04 July 2007

Statement of Responsibilities

Trade and Business Development
Body Responsibilities

The Finance Departments have directed the Trade and Business Development Body to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction at the appendix to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Body's state of affairs at the year-end and of its income and expenditure, recognised gains and losses, and cash flows for the calender year. The functions of the Body are exercised by the Board.

In preparing the accounts the Trade and Business Development Body is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trade and Business Development Body will continue in operation.

Chief Executive's Responsibilities

The Chief Executive's responsibilities as the accountable person for the Trade and Business Development Body (including responsibility for the propriety and regularity of the public finances and the keeping of proper records) are set out in the Financial Memorandum of the Body.

Liam Nellis
CHIEF EXECUTIVE
04 July 2007

Statement on Internal Control

As Accountable Person, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Trade and Business Development Body policies, aims and objectives, set by the Board, North South Ministerial Council and Ministers, whilst safeguarding the public funds and Trade and Business Development Body's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland and Public Finance Procedures.

The Trade and Business Development Body is a North/South implementation body sponsored by the Department of Enterprise Trade and Investment in Northern Ireland and the Department of Enterprise Trade and Employment in Ireland. The Departments' Accounting Officers are responsible for the propriety and regularity of all resources voted to the Departments by the respective legislatures. In line with existing custom and practice in both jurisdictions, it is the responsibility of the Accounting Officers of the Departments to inter alia:

- Ensure that the Body's strategic aims and objectives are set in accordance with the Financial Memorandum;
- Ensure that his/her Department applies financial and other management controls as appropriate to safeguard the public funds provided to the Body in support of its operations;

- Ensure that controls being applied by the Body conform to the requirements of economy, propriety and good financial management and
- Monitor expenditure and any borrowing

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trade and Business Development Body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trade and Business Development Body for the year ended 31st December 2006 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

The Trade and Business Development Body will consider regular risk management reports which identify, assess and set out the management of the risks facing the Body on an annual basis – or as necessary. This consideration will be with a view to assessing the accuracy of the risk profile of the Body and the appropriateness of the management of, and response to, these risks.

The Body has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. The full risk and control assessment has been completed and reviewed in the year ended 31 December 2006. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Trade and Business Development Body.

As Accountable Person, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Trade and Business Development Body, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal controls by the Board and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place. Following the formal adoption of a Risk Management Policy Statement by the Board in 2003, processes in place for maintaining and reviewing the effectiveness of the system of internal control during the year ended 31st December 2006 included:

The presentation of the Body's risk register to the Board,

- Quarterly review of the risk register,
- Meeting of the Audit Committee to consider and advise on matters arising around the system of internal control and the risk register,
- The adoption of a Fraud Policy by the Board,
- Twice yearly internal audits,
- The adoption of delegated sanctions agreed by both the respective Sponsoring Departments (DETE & DETI) and Departments of Finance (DoF & DFP),
- An ongoing review of the Financial Memorandum in conjunction with the above departments (Finalised in March 2005).
- Taking cognisance of the recommendations and conclusions of evaluations around the Body's own programmes and those of its' sister agencies so as to continually strive for best practice in terms of programme delivery and propriety.

A recent example of enhancements to the system of internal control arose from an evaluation by external consultants of a pilot programme in the Republic of Ireland. This programme is jointly funded by InterTradelreland. The evaluation revealed that there were instances where consultants

involved in rolling out the programme had minor interests in investments made through the programme. These investments did not relate to that element of the programme funded by InterTradelreland. However in order to ensure the highest standards of propriety, the Board of InterTradelreland directed that going forward:

- All personnel (consultants, staff and related persons) associated with this programme are to complete and sign a Declarations of Interest form.
- All declarations will be tabled and considered at Monitoring Committee meetings.
- All employees, consultants and related parties are precluded from investing in businesses that are dealt with by the programme.

The Trade and Business Development Body has outsourced the Internal Audit function which operates to appropriate standards. Internal Audit reports include an independent opinion on the adequacy and effectiveness of the Trade and Business Development Body's system of internal control together with recommendations for improvement.

Additionally, as a North South Implementation Body jointly sponsored by the Department of Enterprise Trade and Investment and the Department of Enterprise Trade and Employment, InterTradelreland may, at the discretion of the Departments,

be subject to audit by their internal auditors. In early 2006 anonymous written allegations were made against the Body concerning its financial, equality and personnel practices. Formal reviews during 2006 by the Equality Commission and a firm of independent management consultants concluded there was no substance to the allegations around equality or personnel matters. The Departments' internal auditors conducted a comprehensive internal audit of financial systems and records.

In summary, the audit noted that there were no significant weaknesses identified and the evidence reviewed did not support any allegations of impropriety. Recommendations were made, as would be expected with any comprehensive review, and these are being or have been implemented. It was concluded that the Body is complying with its financial procedures and that the system of internal control was found to be effective. The auditors also concluded that the programmes run by InterTradelreland are consistent with its legislative remit, have been approved by the Board and have been subject to economic appraisal and where appropriate departmental approval.

Liam Nellis
CHIEF EXECUTIVE
4-Jul-07

**Trade and Business
Development Body**

**The Certificate of the Comptrollers and
Auditors General to the Northern Ireland
Assembly and the Houses of the Oireachtas**

We have audited the accounts on pages 59 to 76. Our audit has been carried out pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body

**Respective Responsibilities of the Board,
the Chief Executive and the Auditors**

The responsibilities of the Board of the Body and the Chief Executive, including those pertaining to the preparation of the financial statements and the regularity of financial transactions are set out in the Foreword to the accounts on pages 50-53 and the statement of the Board's and the Chief Executive's responsibilities on page 54.

We review whether the statement on pages 55-57 reflects the Body's compliance with applicable guidance on corporate governance and report on any material instance where it does not do so, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We also report if, in our opinion, the Foreword or other information in the Annual Report is not consistent with the accounts.

Basis of Opinion

We conducted our Audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the accounts. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in preparation of the accounts, and of whether the accounting policies are appropriate to the Body's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by error, or by fraud to other irregularity and that, in material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Dail Eireann and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of presentation of information in the accounts.

We have obtained all the information and explanations which were necessary for the purposes of our audit.

Opinion

In our opinion:

- Proper accounting records have been kept by the Body and the accounts, which are in agreement with them, give a true and fair view of the state of affairs of the Body at 31st December 2006 and of its transactions, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the accounts direction issued under the governing legislation.
- In all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Dail Eireann and the financial transactions conform to the authorities which govern them

J. M. Dowdall
Comptroller and Auditor General
for Northern Ireland
106 University Street
Belfast
BT7 1EU
2007

John Purcell
Irish Comptroller and
Auditor General
Dublin Castle
Dublin 2
2007

Income and Expenditure account for Financial Year 1 January 2006 - 31 December 2006

	Notes	2006 £	2005 £	2006 €	2005 €
INCOME					
Revenue Grants from Departments	2	9,896,027	8,088,561	14,514,502	11,828,712
Capital Grant Release from Departments	13.2	50,898	51,808	74,652	75,764
Other Operating Income	3	102,393	66,570	150,180	97,352
TOTAL INCOME		10,049,318	8,206,939	14,739,334	12,001,828
EXPENDITURE					
Staff Costs and Board Remuneration	4	1,401,286	1,321,160	2,055,266	1,932,066
Depreciation	8,9	50,898	51,808	74,652	75,764
Other Operating Costs	6	1,149,717	1,060,318	1,686,287	1,550,609
Programme Costs	7	7,008,933	5,500,926	10,280,001	8,044,553
		9,610,834	7,934,212	14,096,206	11,602,992
Corporation Tax Payable	6 (b)	10,638	3,870	15,602	5,659
Surplus/(Deficit) for the period		427,846	268,857	627,526	393,177
Surplus/(Deficit) transferred to General Fund		427,846	268,857	627,526	393,177

The Body has no recognised gains or losses other than the results for the period as set out above. All amounts above relate to continuing activities. The notes on pages 61 to 76 form part of these accounts.

Balance Sheet as at 31 December 2006

	Notes	2006 £	Re-Stated 2005 £	2006 €	Re-Stated 2005 €
FIXED ASSETS					
Intangible Assets	8	12,883	-	19,105	-
Tangible Assets	9	126,423	141,065	187,485	208,424
		139,306	141,065	206,590	208,424
CURRENT ASSETS					
Debtors	10	229,068	189,033	339,708	279,296
Cash at bank and in hand	14.2	3,877,229	2,312,544	5,749,928	3,416,784
		4,106,297	2,501,577	6,089,636	3,696,080
CURRENT LIABILITIES					
Creditors - amounts due in less than one year	11.1	1,493,041	1,097,938	2,214,179	1,622,204
Provisions - amounts due in less than one year	12	1,676,415	894,644	2,486,125	1,321,836
		3,169,456	1,992,582	4,700,304	2,944,040
NET CURRENT ASSETS/(LIABILITIES)		936,841	508,995	1,389,332	752,040
TOTAL ASSETS LESS CURRENT LIABILITIES		1,076,147	650,060	1,595,922	960,464
Creditors - amounts due in more than one year	11.2	-	-	-	-
TOTAL ASSETS LESS TOTAL LIABILITIES		1,076,147	650,060	1,595,922	960,464
Financed by :					
CAPITAL AND RESERVES					
General Fund	13.1	936,841	508,995	1,389,332	752,040
Capital Grant Reserve	13.2	139,306	141,065	206,590	208,424
		1,076,147	650,060	1,595,922	960,464

The notes on pages 61 to 76 form part of these accounts.

Liam Nellis
CHIEF EXECUTIVE
13 March 2007

Cash Flow Statement for the year 1 January 2006 - 31 December 2006

	Notes	2006 £	2005 £	2006 €	2005 €
Operating Activities					
Net cash inflow/(outflow) from Operating Activities	14.1	1,564,685	798,686	2,333,144	1,274,675
Capital expenditure and financial investment					
Payments to acquire Tangible Fixed Assets		-49,139	-42,534	-72,074	-62,844
Disposal Proceeds					
Financing					
Grant Received for Capital Purposes	8.9	49,139	42,534	72,074	62,844
Increase/(Decrease) in Cash		1,564,685	798,686	2,333,144	1,274,675

The notes on page 61 to 76 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006**ACCOUNTING POLICIES****1.1 Accounting Convention**

The financial statements have been prepared in accordance with the historical cost convention.

Without limiting the information given, the financial statements are prepared on an accruals basis and comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the Republic of Ireland Companies' Acts 1963 to 2005, the accounting standards issued or adopted by the Accounting Standards Board (except in relation to accounting for pension costs), and accounting and disclosure requirements issued by the Department of Finance and Personnel, and by the Department of Finance, insofar as those requirements are appropriate.

1.2 Fixed Assets

- a) All Fixed Assets are included at cost or valuation to the body. Intangible assets comprise purchased software.
- b) Depreciation is calculated to write off the cost or revalued amounts of fixed assets within their useful lives. The methods adopted and rates used per annum are as follows:
- | | |
|------------------------|----------------------------|
| Software Licences | 20% Straight Line |
| Office Equipment | 15% Straight Line |
| Fixtures & Fittings | 15% Straight Line |
| Computer Equipment | 33.33% Straight Line |
| Leasehold Improvements | Remainder of life of lease |
- c) A capitalisation threshold of £500 has been applied in the accounts during 2006.

1.3 Pension Costs

During the year all staff employed by the Body were on contract to the Body or seconded from other Government Departments/Public Sector organizations. The North/South Pension Scheme was established by the North/South Implementation Bodies and Tourism Ireland Limited with effect from 29 April 2005.

It is a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers.

The scheme is administered by an external administrator. Funding from the Irish Exchequer is provided by the Department of Finance to the Body which then funds the administrator. The Northern Ireland share of the benefits paid during the year is directly funded to the administrator by the UK Exchequer. The Northern Ireland element of the costs is accounted for as if the scheme were a defined contribution scheme, i.e. the Body recognises only the employer's contributions in respect of the Northern element of the costs as an expense of the period. It also recognises a corresponding amount as income, representing the value of the resources that the UK Exchequer will make available to the Administrator in respect of these costs.

In respect of the element of pension costs ultimately borne by the Irish Exchequer, the Finance Departments (North and South) have directed that the only cost recognised in the Accounts up to 31 December 2006 will be the cost of pensions paid to the extent that this cost is ultimately borne by the Irish Exchequer. Secondees from the Northern Ireland Civil Service continue to be members of the Principal Civil Service Pension Scheme (NI). Secondees from the Southern Civil Service continue to be members of the Irish Principal Civil Service Pension Scheme.

The Body pays these pension costs as charged by these organisations.

1.4 Value Added Tax

The Trade and Business Development Body was not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of Fixed Assets.

1.5 Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the Balance Sheet date. Transactions in foreign currencies are recorded at the date of the transactions. Realised gains and losses are taken to the Income and Expenditure Account. Translated amounts have been disclosed in the Income and Expenditure Account, the Cash Flow Statement, the Balance Sheet and the related notes in EURO(€).The rate used for the Balance Sheet was £1=€1.483 and the rate used for the Income and Expenditure Account was £1=€1.4667.

1.6 Provisions

InterTradelreland makes provisions for liabilities and charges where, at the balance sheet date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

1.7 Capital Grant Reserve

Grants for capital purposes are credited to a Capital Grant Reserve and released to the Income and Expenditure Account over the expected useful lives of the assets.

1.8 Leases

Rentals paid under operating leases are charged to operating costs on a straight line basis over the terms of the lease.

1.9 Prior Period Adjustment

A prior period adjustment has been made to the 2005 balance sheet creditors figure re presentation of the current liabilities figure. The 2005 current liabilities figure has been restated to show the split between creditors, amounts due in less than one year and provisions, amounts due in less than one year.

2. GRANT FROM THE DEPARTMENTS

2.1 Financial Year 1 January 2006 - 31 December 2006

	DETI £	DETI €	DETE £	DETE €	TOTAL £	TOTAL €
Revenue Grant	3,269,147	4,820,651	6,573,640	9,615,763	9,842,787	14,436,415
Non-cash Revenue Grant	53,240	78,087	-	-	53,240	78,087
	3,322,387	4,898,738	6,573,640	9,615,763	9,896,027	14,514,502
Capital Grant	16,380	24,028	32,759	48,048	49,139	72,074
	3,338,767	4,922,766	6,606,399	9,663,811	9,945,166	14,586,576

The total Euro receipts are expressed per accounting policy 1.5. Revenue and Capital grants shown from DETE and DETI reflect the actual respective Euro and Sterling grants received during 2006. The Non -cash Revenue grant represents revenue grant funding which has been abated by the sponsor Department, in respect of employer pension contributions due.

2.2 Financial Year 1 January 2005 - 31 December 2005

	DETI £	DETI €	DETE £	DETE €	TOTAL £	TOTAL €
Revenue Grant	2,685,987	3,898,743	5,364,097	7,873,700	8,050,084	11,772,443
Non-cash Revenue Grant	38,477	56,269	-	-	38,477	56,269
	2,724,464	3,955,012	5,364,097	7,873,700	8,088,561	11,828,712
Capital Grant	14,178	20,948	28,356	41,896	42,534	62,844
	2,738,642	3,975,960	5,392,453	7,915,596	8,131,095	11,891,556

The Body was paid grants from money voted by Parliament and Dail Eireann. NSMC, with the approval of Finance Ministers, recommended that the grants should be split on a 2:1 basis - DETE (2) and DETI (1). The grants were paid from money authorised by the Budget (No. 2) (Northern Ireland) Order 2006 and from money voted by Dail Eireann.

3. OTHER OPERATING INCOME in Financial Year 1 January 2006 - 31 December 2006

Other operating income comprises:

	2006 £	2005 £	2006 €	2005 €
Bank interest received	70,036	36,869	102,722	53,917
Conference Income	32,357	29,701	47,458	43,435
	102,393	66,570	150,180	97,352

4. STAFF COSTS AND BOARD REMUNERATION in Financial Year 1 January 2006 - 31 December 2006

(a) The average monthly number of employees (full time equivalent) per directorate was:	2006	2005
Corporate services	13	13
Policy	11	12
Operations	17	16
	41	41

It should be noted that the average monthly number of employees includes new staff that were recruited during the year, together with the secondees, from different Departments. Some of these secondees have now returned to their own Departments.

(b) The costs incurred in respect of these employees were:	2006 £	2005 £	2006 €	2005 €
Salaries & Wages	1,219,337	1,190,369	1,788,402	1,740,796
Social Security Costs				
- Current Year Costs	64,897	80,101	95,184	117,140
- NIC Refund		(60,532)		(88,522)
Other Pension Costs				
- Permanent Employees ASLC's	53,240	38,478	78,087	56,270
- Forfas Secondee	11,268	11,383	16,527	16,647
- NICS Secondees ASLCs	5,613	9,986	8,232	14,604
Total Staff Costs	1,354,355	1,269,785	1,986,432	1,856,935
Board Remuneration	46,910	51,336	68,803	75,074
Board Social Security Costs	21	39	31	57
Total Board Costs	46,931	51,375	68,834	75,131
Total Board and Staff Costs	1,401,286	1,321,160	2,055,266	1,932,066

Other pensions costs includes both pension contributions to NICSPS in relation to seconded staff, and the Northern share of ASLC's payable in relation to ITI under the NSPS. The accounting policy for pensions is detailed in Note 1.3

A refund of National Insurance Contributions was received during 2005. This arose as a result of the backdated introduction of the North/South pension scheme, and subsequent change in NIC rates applied.

(c) Number of employees whose emoluments for the twelve months ending 31st December 2005 fell within the following bands:	2006	2005
£40,000 - 49,999	2	2
£50,000 - 59,999	-	-
£60,000 - 69,999	-	-
£70,000 - 79,999	1	1
£80,000 - 89,999	1	1

(d) The remuneration of the Chief Executive's & senior management team, were as follows:						
	Salary 2006 £'000	Salary 2006 €'000	Benefits in Kind 2006 £	Salary 2005 £'000	Salary 2005 €'000	Benefits in kind 2005 £
Chief Executive: Mr Liam Nellis	88,944	130,454	-	86,817	126,961	
Mr Laurence Lord	Consent Withheld	Consent Withheld	-	Consent Withheld	Consent Withheld	-
Mr Aidan Gough	Consent Withheld	Consent Withheld	-	Consent Withheld	Consent Withheld	-
Ms Catriona Regan	Consent Withheld	Consent Withheld	-	Consent Withheld	Consent Withheld	-

(e) Details of remuneration of the Chairman and Board Members were as follows:						
	Fees 2006 £'000	Fees 2006 €'000	Benefits in Kind 2006 £	Fees 2005 £'000	Fees 2005 €'000	Benefits in kind 2005 £
Mr Martin Naughton (Chairman)	7.2	10.1	-	6.8	10.1	-
Mr Barry Fitzsimmons (Vice-Chairman)	5.2	7.6	-	5.2	7.6	-
Mr Fergal McCormack	4	6.0	-	4	5.8	-
Mr Robbie Smyth	4.3	6.3	-	4.3	6.3	-
Mr Jack Gilmore	4	6.0	-	4	5.8	-
Mr John Fitzgerald	4.3	6.3	-	4.3	6.3	-
Mr Carl McCann	4.3	6.3	-	4.3	6.3	-
Ms Inez McCormack	4	6.0	-	4	5.8	-
Ms Jackie Harrison	4.3	6.3	-	4.3	6.3	-
Ms Mary Ainscough	4.3	6.3	-	4.3	6.3	-
Ms Rosaleen Doherty	1	1.5	-	-	-	-
Ms Mary Breslin	-	-	-	4	5.8	-
Mr Trefor Campbell (resigned 2 June 2005)	-	-	-	2	2.9	-

Up to June 2006, the salary of Mr John Fitzgerald was paid directly to his employer as reimbursement of salary costs incurred.

(f) Pension details of the Chief Executive and Senior Management team as at 31 December 2006:					
	Real increase in pension & related lump sum at age 60 £'000	Total accrued pension at age 60 at 31st Dec 2006 £'000	CETV at 31 Dec 2006 nearest £'000	CETV at 31 Dec 2005 nearest £'000	Real Increase in CETV nearest £'000
Chief Executive : Mr Liam Nellis	0 - 2.5 Plus 2.5 - 5 Lump sum	7.5 - 10	39	21	18
Mr Laurence Lord	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld
Mr Aidan Gough	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld
Ms Catriona Regan	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld	Consent Withheld

5. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

The Department of Enterprise Trade and Investment and the Department of Enterprise Trade and Employment do not consider it appropriate to set key financial targets for the Trade and Business Development Body. Annual operating plans, including predetermined performance indicators, are presented to North South Ministerial Council and approved.

6. OTHER OPERATING COSTS in Financial Year 1 January 2006 - 31 December 2006

	2006 £	2005 £	2006 €	2005 €
Travel and Subsistence	79,738	77,331	116,952	113,089
Publications	13,217	17,493	19,385	25,582
Postage, Stationery, Telephone	71,651	71,671	105,090	104,812
Currency Loss / (Gain)	42,948	50,218	62,991	73,439
Rent and Rates	214,904	206,868	315,200	302,524
Heat, Light and Power	21,876	17,094	32,086	24,999
Maintenance	39,674	10,267	58,189	15,015
Promotion	121,757	248,240	178,582	363,026
Professional Fees	166,030	48,380	243,516	70,751
Meeting Costs	3,257	3,343	4,777	4,889
Internal Auditor's Remuneration	3,342	7,208	4,902	10,541
External Auditor's Remuneration	18,000	18,000	26,401	26,323
Recruitment Costs	31,390	23,920	46,039	34,980
Bad Debt	0	1,274	0	1,863
Insurance	19,135	18,763	28,065	27,439
Pension Admin Costs	45,029	27,541	66,043	40,275
Office Expenses	9,768	31,796	14,326	46,498
Computer Expenses	127,324	54,870	186,746	80,242
Non-Capitalised Costs of Assets	11,607	10,907	17,024	15,950
Disposal of Non - Capitalised Assets	0	-300	0	-439
Training	32,882	52,413	48,228	76,649
Equality	8,103	6,649	11,885	9,723
General Expenses	7,657	4,525	11,231	6,618
Bank Charges	229	90	335	131
Hosting Costs	9,580	3,652	14,051	5,341
Cleaning	22,612	20,083	33,166	29,369
Security Costs	25,211	24,185	36,976	35,368
Equipment Hire	2,796	3,837	4,101	5,612
TOTAL	1,149,717	1,060,318	1,686,287	1,550,609

6(b). CORPORATION TAX PAYABLE in Financial Year 1 January 2006 - 31 December 2006

	2006 £	2005 £	2006 €	2005 €
Corporation Tax Payable	10,638	3,870	15,602	5,659

Corporation Tax arose, in InterTradelreland in 2006, due to tax paid on the interest on savings within the bank accounts.

7. PROGRAMME COSTS in Financial Year 1 January 2006 - 31 December 2006

7.1 InterTradelreland Costs	2006 £	2005 £	2006 €	2005 €
Sector Specific Networks	294,649	194,547	432,162	284,506
Areas of Excellence Networks	560,147	791,820	821,568	1,157,958
Communities of Interest Networks	466,372	306,592	684,028	448,360
Network Enabling Tools - Trade	770,804	774,043	1,130,538	1,131,960
Network Enabling Tools - Business Development	911,186	897,951	1,336,437	1,313,164
Business & Economic Research	178,222	372,016	261,398	544,036
Other Third Party Projects	130,233	77,181	191,012	112,869

7.2 Financial Assistance to Other Organisations	2006 £	2005 £	2006 €	2005 €
Fusion	2,204,961	1,032,006	3,234,016	1,509,206
Acumen	194,286	168,435	284,959	246,319
Plato	31,256	99,731	45,843	145,846
Expertise Ireland	155,514	243,497	228,092	356,090
Equity/Venture Capital	170,375	165,287	249,889	241,715
AURIL	-	46,802	-	68,443
INNOVA	748,294	97,500	1,097,523	142,584
Focus	158,391	-	232,312	-
Financial Assistance scheme	34,243	233,518	50,224	341,497
TOTAL	7,008,933	5,500,926	10,280,001	8,044,553

The work of the Trade and Business Development Body is reflected in its Annual Review as part of this Annual Report. The Accounts reflect that Annual Review in terms of the actual direct expenditure on these Programmes.

With respect to Note 7.2, Financial Assistance to other Organisations, the amount of £194,286 paid out under the Acumen programme solely represents the amount paid to other organisations from InterTradelreland resources. Under this programme both Invest NI and Enterprise Ireland also provide financial assistance to participating organisations. InterTradelreland has entered into a Memorandum of Understanding with both Invest NI and Enterprise Ireland to perform a treasury function on their behalf. A principle of this treasury function is that, within specified limits, in the event InterTradelreland pays monies to either

an Invest NI or Enterprise Ireland client organisation, those monies may be recouped from Invest NI and Enterprise Ireland accordingly.

In the year under review, Enterprise Ireland has not availed of this function. The amount paid or committed to Invest NI client organisations under this treasury function was £101,709. Any monies not recouped from Invest NI in the period under review are accounted for in the balance sheet as trade debtors. No element of any monies paid or committed under the treasury function on behalf of Invest NI is included in the above figure.

8. INTANGIBLE ASSETS

in Financial Year 1 January 2006 - 31 December 2006	Software Licences £	Total £	Total €
Cost or Valuation			
At 1st January 2006			
Additions	13,886	13,886	20,368
Disposals			
At 31st December 2006	13,886	13,886	20,368
Depreciation			
At 1st January 2006			
Provision for Year	1,003	1,003	1,471
Disposals			
At 31st December 2006	1,003	1,003	1,471
Net Book Value at 31/12/06	12,883	12,883	18,897
Currency Translation Adjustment			208
Net Book Value at 31/12/06	12,883	12,883	19,105
Net Book Value at 31/12/05	-	-	-

9. FIXED ASSETS in Financial Year 1 January 2006- 31 December 2006

	Leasehold Improvement £	Fixtures & Fittings £	Office Equip £	Computer Equip £	Total £	Total €
Cost or Valuation						
At 1st January 2006	145,225	56,248	82,095	301,645	585,213	864,653
Additions		5,658	577	29,018	35,253	51,706
Disposals				-6,216	-6,216	-9,117
At 31st December 2006	145,225	61,906	82,672	324,447	614,250	907,242
Depreciation						
At 1st January 2006	88,798	33,342	59,459	262,549	444,148	656,229
Provision for Year	13,070	8,218	9,252	19,355	49,895	73,181
Disposals				-6,216	-6,216	-9,117
At 31st December 2006	101,868	41,560	68,711	275,688	487,827	720,293
Net Book Value at 31/12/06	43,357	20,346	13,961	48,759	126,423	186,949
Currency Translation Adjustment						536
Net Book Value at 31/12/06	43,357	20,346	13,961	48,759	126,423	187,485
Net Book Value at 31/12/05	56,427	22,906	22,636	39,096	141,065	208,424

10. DEBTORS

10. Debtors (amounts due within one year)	2006 £	2005 £	2006 €	2005 €
Trade Debtors	130,011	87,569	192,806	129,383
Prepayments and accrued income	86,828	78,281	128,766	115,661
Other Debtors	12,229	23,183	18,136	34,252
Total	229,068	189,033	339,708	279,296

11. CREDITORS

11.1 Creditors (amounts falling due less than one year)	2006 £	2005 £	2006 €	2005 €
Trade Creditors	733,064	534,997	1,087,134	790,459
Accruals	737,110	535,880	1,093,134	791,763
Other Creditors	12,229	23,183	18,135	34,252
Corporation Tax	10,638	3,878	15,776	5,730
Total	1,493,041	1,097,938	2,214,179	1,622,204

11.2 Creditors (amounts falling due in more than one year)	2006 £	2005 £	2006 €	2005 €
Trade Creditors	-	-	-	-

12. PROVISIONS

Provisions (amounts falling due less than one year)	2006 £	Re-stated 2005 £	2006 €	Re-stated 2005 €
Opening Balance	894,644	-	1,326,757	-
Provided in the Year	1,622,533	894,644	2,406,216	1,326,757
Provisions not required written back				
Provisions Utilised in the Year	-840,762	-	-1,246,850	-
Closing balance	1,676,415	894,644	2,486,123	1,326,757

The above provision figures represent estimated amounts of grant expected to be paid out in the next 12 months re outstanding company claims under the following programmes : Equity Seedcorn, INNOVA, BioMedIreland, ExpertiseIreland, Acumen, Focus and Fusion.

13. RESERVES

13.1 General Fund	2006 £	2005 £	2006 €	2005 €
General Fund Opening Balance	508,995	240,138	752,040	339,795
Surplus/(Deficit) for the year	427,846	268,857	627,526	393,177
Difference on Foreign Exchange Translation	-	-	9,766	19,068
General Fund Closing Balance	936,841	508,995	1,389,332	752,040

13.2 Capital Grant Reserve	2006 £	2005 £	2006 €	2005 €
Opening Balance	141,065	150,339	208,424	212,730
Capital Grants Received	49,139	42,534	72,074	62,844
Less: Transfer to Income & Expenditure	-50,898	-51,808	-74,652	-75,764
Adjustment for Fixed Asset Disposal	-	-	-	-
Difference on Foreign Exchange Translation	-	-	744	8,614
Capital Grants Reserve Closing Balance	139,306	141,065	206,590	208,424

14. NOTES TO CASH FLOW STATEMENT

14.1 Reconciliation of surplus/(deficit) for the Financial Year 1 January 2006 - 31 December 2006 to net cash inflow from operating activities				
	2006 £	2005 £	2006 €	2005 €
Surplus/(Deficit) for the year	427,846	268,857	627,526	393,177
Adjustment for non cash transactions				
Profit on Asset Disposal	-	-	-	-
Depreciation	50,898	51,808	74,652	75,764
Transfer from Capital Grant Reserve	-50,898	-51,808	-74,652	-75,764
Adjustments for movements in working capital				
Decrease/(Increase) in debtors	-40,035	-37,447	-60,412	-64,802
(Decrease)/increase in creditors	1,176,874	567,276	1,756,264	927,232
Difference on Foreign Exchange Translation	-	-	9,766	19,068
Net cash inflow from operating activities	1,564,685	798,686	2,333,144	1,274,675

14.2 Reconciliation of net cash inflow to movement in net debt	2006 £	2005 £	2006 €	2005 €
Cash at Bank and in hand at 1 January 2006	2,312,544	1,513,858	3,416,784	2,142,109
Net Cash Inflow	1,564,685	798,686	2,333,144	1,274,675
Difference on Foreign Exchange Translation	-	-	-	-
Cash at Bank and in hand at 31 December 2006	3,877,229	2,312,544	5,749,928	3,416,784

15. CAPITAL COMMITMENTS

15.1 Capital commitments at 31 December 2006 for which no provision has been made	£
Contracted	-
Authorised but not contracted	-
Total	-
15.2 Other Commitments	7,249,942

This commitment relates mainly to letters of offer which were issued prior to the year end in respect of ACUMEN, FUSION, INNOVA and other programmes.

16. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2006.

17. RELATED PARTY TRANSACTIONS

The Trade and Business Development Body is a cross border implementation body sponsored by the Department of Enterprise Trade and Investment in Northern Ireland and the Department of Enterprise Trade and Employment in Ireland. The above named departments are regarded as related parties. During the year the Trade and Business Development Body has had various transactions with these departments and with other entities for which the Department of Enterprise Trade and Investment or the Department of Enterprise Trade and Employment are regarded as a parent Department. There were also transactions with Construction Service and Business Development Service (BDS), which are executive agencies of DFP.

(i) Transactions Involving Senior Management
There were no transactions involving the senior management team members during the year.

(ii) Transactions Involving Board Members

a) Beneficial Interests

The Body works with many private sector organisations including organisations in which Board Members have a beneficial interest. Transactions during the year with such organisations, which were all conducted at arms length and were subject to normal project and programme rules and tendering procedures, where appropriate, are listed below:

Services Supplied to the Body (inclusive of VAT where applicable)

Board Member	Organisation	Amount Accrued 2006
Mr Feargal McCormack	FPM, Chartered Accountants	£5,875.00

b) Non Beneficial Interests

The Body also works with many public/private funded organisations with whom joint projects and transactions have been undertaken during the year. The following board members and key management staff held official positions in these organisations.

Board Member	Company / Organsiation	Position Held
Ms Jackie Harrison	Irish Business and Employers Confederation (IBEC)	Director of Social Policy.
Ms Mary Ainscough	Dublin City University	Director of Equality
Mr Feargal McCormack	Helix Innovation Partnership Limited	Financial accountant & auditor
Mr Feargal McCormack	Microtradelreland	Supply of consultancy services.
Mr Feargal McCormack	International Centre for Local and Regional Development	Chairman

18. OBLIGATIONS UNDER LEASES

Annual commitments under non-cancellable operating leases are as follows:

Operating leases Which Expire	Land & Buildings				Other			
	2006 £	2006 €	2005 £	2005 €	2006 £	2006 €	2005 £	2005 €
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within One Year	-	-	-	-	-		4	6
In two to five years	-	-	-	-	3	4	-	-
Over five Years	191	283	159	235	-	-	-	-
TOTAL	191	283	159	235	3	4	4	6

19. LOSSES AND SPECIAL PAYMENTS

There has been no losses or special payments.

20. FINANCIAL INSTRUMENTS, LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK.

20.1 Financial Instruments

Due to the non-trading nature of its activities and the way the Body is financed, the Body is not exposed to the degree of financial risk faced by business entities. The Body has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Body in undertaking its activities.

The Body's financial instruments mainly consist of cash, trade debtors and trade creditors.

20.2 Liquidity, Interest rate and Foreign Currency Risk

The Body's net revenue resource requirements are financed by resources voted annually by the Assembly or Parliament and the Oireachtas, as largely is its capital expenditure. It is not therefore exposed to significant liquidity risks. The Body does not access funds from commercial sources and so is not exposed to significant interest rate risk. The Body's transactions are effected in the currencies of each part of Ireland, with realised gains and losses being taken to the Income and Expenditure Account. The Body's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring departments, the Department of Enterprise Trade and Investment and the Department of Enterprise Trade and Employment, in sterling and euro respectively, and does not engage in trading activities. However, as the Body receives two thirds of its funding from DETE, in euro, yet discharges the majority of its transactions in sterling it is exposed to foreign currency risk to a limited degree.

Appendix A

Inter*Trade*Ireland

ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT OF ENTERPRISE TRADE AND INVESTMENT AND THE IRISH DEPARTMENT OF ENTERPRISE TRADE AND EMPLOYMENT WITH THE APPROVAL OF THE FINANCE DEPARTMENTS, (DEPARTMENT OF FINANCE AND PERSONNEL AND DEPARTMENT OF FINANCE) IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH-IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs at year-end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a) The North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b) other guidance which Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c) any other specific disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the:

**Department of Enterprise Trade
and Investment**

A.W. Hamilton

**Department of Enterprise Trade
and Employment**

Ronald Long

Dated 21 June 2001

This publication is available on request in alternative formats including Irish language, Ulster Scots, Braille, disk and audio cassette.

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