# Notes to the Financial Statements

## 1. Segmental reporting

**Analysis of turnover by class of business and by geography**

The Group is organised into three divisions, Forest, Enterprise and Panel Products. The Forest Division is involved in the management of the Group's forestry business, including the provision of forestry services to farmers and other land owners. Enterprise is responsible for optimising the land resource through energy and land development. Panel Products is involved in the manufacture of engineered wood products.

| | Forest | | Enterprise | | Panel Products | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Segment Revenue** | | | | | | | | |
| Republic of Ireland | 112,501 | 112,139 | 22,645 | 23,958 | 15,037 | 16,433 | 150,183 | 152,530 |
| United Kingdom | 6,799 | 4,490 | 871 | 932 | 90,334 | 89,025 | 98,004 | 94,447 |
| Rest of the World | 226 | 591 | 183 | 234 | 48,402 | 39,894 | 48,811 | 40,719 |
| | 119,526 | 117,220 | 23,699 | 25,124 | 153,773 | 145,352 | 296,998 | 287,696 |
| Inter-segment sales | (32,462) | (31,250) | (5,420) | (6,047) | - | - | (37,882) | (37,297) |
| **Sales to third parties** | **87,064** | **85,970** | **18,279** | **19,077** | **153,773** | **145,352** | **259,116** | **250,399** |

No analysis of operating profit or assets by business segment is provided in accordance with SSAP 25 as the Directors are of the opinion that such disclosure would be seriously prejudicial to the Group's interests.

## 2. Profit before taxation

| | | 2011 | 2010 |
|---|---|---|---|
| | | €'000 | €'000 |
| **Profit before taxation has been arrived at after charging/(crediting):** | | | |
| Auditors' remuneration: | - audit services | 192 | 192 |
| | - audit-related services | 150 | 436 |
| | - non-audit related services | 147 | 116 |
| Depreciation | | 10,255 | 10,259 |
| Interest payable on borrowings wholly repayable within 5 years | | 8,585 | 9,274 |
| Operating lease charges – plant and machinery | | 288 | 213 |
| Operating lease charges – buildings | | 991 | 1,030 |
| Research expenditure | | 2,310 | 1,823 |
| Operating lease rental income | | (4,685) | (4,235) |
| Amortisation of grants (note 23) | | (302) | (855) |
| Amortisation of goodwill (note 12) | | 118 | 118 |
| Impairment of fixed assets (note 10) | | - | 1,392 |
| Other exceptional costs (note 5) | | 9,131 | - |
| | | | |
| Auditors' remuneration for statutory audit of parent company accounts | | 147 | 147 |

Auditors' remuneration for audit-related services comprised:

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| Taxation advice and compliance | 127 | 347 | 104 | 320 |
| Pension audit | 21 | 21 | 21 | 21 |
| Grant claims | 2 | 18 | 2 | 15 |
| Accounting and other advice | - | 50 | - | 50 |
| | 150 | 436 | 127 | 406 |

Auditors' remuneration for non-audit related services comprised:

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| Advisory services | 147 | 116 | 147 | 116 |

## 3. Emoluments of Directors and Chief Executive

| | Fees | Salary | Performance Related Pay | Pension Contribution | Taxable Benefits | Other Emoluments | 2011 Total | 2010 Total |
|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Parent Company** | | | | | | | | |
| David Gunning | 7 | 297 | - | 74 | 33 | - | 411 | 473 |
| Eugene Griffin | - | - | - | - | - | - | - | 107 |
| Brendan McKenna | 22 | - | - | - | - | - | 22 | 22 |
| Breffni Byrne | 13 | - | - | - | - | - | 13 | 13 |
| Alma Kelly | 13 | - | - | - | - | - | 13 | 13 |
| Seamus Murray | 13 | - | - | - | - | - | 13 | 13 |
| Frank Toal | 13 | - | - | - | - | - | 13 | 13 |
| Denis Byrne | 13 | - | - | - | - | - | 13 | 13 |
| Yvonne Scannell | 13 | - | - | - | - | - | 13 | 13 |
| Oliver McCabe | - | 31 | - | 2 | - | - | 33 | - |
| | 107 | 328 | - | 76 | 33 | - | 544 | 680 |

## 4. Employees and remuneration

The average number of persons employed by the Group (excluding associated undertakings) during the year was 1,013 (2010 : 1,053) which comprise 450 (2010 : 466) industrial workers and 563 (2010 : 587) non-industrial employees.

| | 2011 | 2010 |
|---|---|---|
| | €'000 | €'000 |
| The staff costs comprise: | | |
| Wages and salaries | 55,463 | 54,359 |
| Social welfare costs | 4,479 | 4,372 |
| Pension costs | 4,820 | 4,347 |
| | 64,762 | 63,078 |
| Own work capitalised | (11,432) | (11,561) |
| Charge to profit and loss account | 53,330 | 51,517 |

## 5. Exceptional items

| | 2011 | 2010 |
|---|---|---|
| | **€'000** | **€'000** |
| Restructuring costs (note a) | 731 | - |
| Impairment of fixed assets (note b) | - | 1,392 |
| Past service pension costs (note c) | 8,400 | - |
| | 9,131 | 1,392 |

**A. Restructuring costs**

During 2011 the Group announced the closure of its sawmill business (Dundrum Woodproducts) resulting in a charge to the profit and loss account of €731,000.

**B. Impairment of fixed assets**

In accordance with the provisions of FRS11 – 'Impairment of Fixed Assets and Goodwill', the Group has reviewed the carrying value of its investment in certain forestry assets. As a consequence of the review, the Group were not required to record an impairment charge in 2011, as the assets were not stated above their recoverable amount. In 2010 an impairment charge of €1.4m was recorded in the Group profit and loss account.

**C. Past service pension costs**

During 2011 the Group incurred a once-off charge of €8.4m relating to past service pension costs of its employees.

## 6. Net finance charges

| | 2011 | 2010 |
|---|---|---|
| | **€'000** | **€'000** |
| **Finance charges:** | | |
| Interest on bank overdraft and loans wholly repayable within 5 years and other related bank costs | 8,585 | 9,274 |
| **Finance income:** | | |
| Interest receivable | (3) | (614) |
| | **8,582** | **8,660** |

## 7. Dividends paid

| | 2011 | 2010 |
|---|---|---|
| | **€'000** | **€'000** |
| **Amounts recognised as distributions to equity holders in the year:** | | |
| Equity dividends on ordinary shares: | | |
| Interim dividend of €0.01585 per share for the year ended 31 December 2011 (2010: €nil) | 10,000 | - |

## 8. Taxation

| | | 2011 €'000 | 2010 €'000 |
|---|---|---|---|
| **Current tax:** | | | |
| Corporation tax at 12.5% (2010: 12.5%) | | 2,480 | 3,229 |
| Less: Woodlands relief | | (1,804) | (2,658) |
| | | 676 | 571 |
| Foreign tax | - Netherlands | 3 | 5 |
| | - United Kingdom | 43 | 23 |
| Adjustment in respect of prior years | | (1,367) | (3,565) |
| Taxation on disposal of fixed assets at 25% (2010: 25%) | | 1,944 | 3,580 |
| Total current tax | | 1,299 | 614 |
| **Deferred tax:** | | | |
| Origination and reversal of pension timing differences | | (12) | (3) |
| Origination and reversal of other timing differences | | (436) | 696 |
| Total taxation on profit on ordinary activities | | 851 | 1,307 |

The tax assessed for the period is higher than the standard rate of corporation tax in the Republic of Ireland. The differences are explained below:

| | 2011 €'000 | 2010 €'000 |
|---|---|---|
| Profit on ordinary activities before tax | 20,749 | 33,455 |
| Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2010: 12.5%) | 2,594 | 4,182 |
| Effects of: | | |
| Woodlands relief | (1,804) | (2,658) |
| Impairment of assets and associated goodwill | - | 174 |
| Expenses not deductible for tax purposes | 767 | 526 |
| Differences between capital allowances and depreciation | 405 | 400 |
| Adjustments in respect of prior years | (1,367) | (3,565) |
| Higher rates of tax on certain activities | 966 | 1,791 |
| Unutilised current year tax losses | 249 | 522 |
| Utilisation of losses forward from prior years | (424) | (658) |
| Foreign tax | 26 | 28 |
| Other | (113) | (128) |
| **Total current tax** | 1,299 | 614 |

## 9. Pensions

### A. Defined benefit pension scheme

The Group operates defined benefit pension schemes in Coillte Teoranta and Medite Europe Limited for the majority of employees with assets held in separately administered funds.

### Actuarial valuation

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. The valuations were based on the attained age and the projected unit credit method and the last full valuations were carried out on 1 January 2009 (Medite Europe Limited) and 31 December 2008 (Coillte Teoranta).

The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rate of return on investments and the rates of increase in remuneration and pensions. It was assumed that the rate of return on investments would on average exceed annual remuneration by 3% (Coillte Teoranta) and 2% (Medite Europe Limited) in the last full valuations and pension increases by 3% in Coillte Teoranta. No provision was made for future pension increases in Medite Europe Limited.

The market value of the assets in the Group's defined benefit schemes at the respective valuation dates was €113.2m (Coillte Teoranta – 31 December 2008) and €10.7m (Medite Europe Limited – 1 January 2009) and the deficiency in both schemes at those dates were €89.4m (Coillte Teoranta) and €8.9m (Medite Europe Limited).

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 56% of the benefits that had accrued to the members of the combined scheme as at the valuation dates. Coillte Teoranta and Medite Europe Limited contribute to their respective scheme at a rate of 25% and 15.4% respectively. The actuarial reports of both schemes are available to scheme members, but not for public inspection.

A funding proposal in respect of the Coillte Teoranta scheme has been approved by the Pensions Board. The funding proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 31 December 2020. The agreement requires Coillte to make significant additional contributions and has also increased employee contributions.

### B. Financial Reporting Standard 17 (FRS 17)

| | 2011 €'000 | 2010 €'000 |
|---|---|---|
| **The amounts recognised in the balance sheet are as follows:** | | |
| Present value of funded obligations | (306,410) | (263,200) |
| Fair value of plan assets | 171,443 | 174,030 |
| Pension Liability | (134,967) | (89,170) |
| Related deferred tax asset (note 20) | 4,442 | 2,788 |
| **Net pension liability** | (130,525) | (86,382) |
| | | |
| **The amounts recognised in the profit and loss account are as follows:** | | |
| Current service cost | 4,196 | 3,685 |
| Past service cost | 8,400 | - |
| Capitalised costs | (1,004) | (875) |
| Net operating cost | 11,592 | 2,810 |
| | | |
| Expected return on scheme assets | (10,554) | (10,554) |
| Interest on liability | 14,556 | 13,919 |
| Capitalised costs | (1,029) | (857) |
| Net finance cost | 2,973 | 2,508 |
| **Total profit and loss account charge** | **14,565** | **5,318** |
| | | |
| **The amounts recognised in the statement of total recognised gains and losses are as follows:** | | |
| Actual return less expected return on pension scheme assets | (14,817) | 129 |
| Experience gains and losses arising on scheme liabilities | 2,290 | 2,739 |
| Changes in assumptions underlying present value of scheme liabilities | (24,153) | (20,218) |
| **Actuarial loss recognised** | **(36,680)** | **(17,350)** |

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2011 is €42,046,000 (2010: loss €5,366,000).

The actual return on plan assets was:

| | | |
|---|---|---|
| Actual return on plan assets | (4,263) | 10,683 |

Expected contributions for the year ended 31 December 2012 are €7,914,000.

## 9. Pensions *- continued*

### B. Financial Reporting Standard 17 (FRS 17) *- continued*

| | Pension Assets €'000 | Pension Liabilities €'000 | Pension Deficit €'000 |
|---|---|---|---|
| **Movement in scheme assets and liabilities** | | | |
| At 31 December 2010 | 174,030 | (263,200) | (89,170) |
| Current service cost | - | (4,196) | (4,196) |
| Interest on scheme liabilities | - | (14,556) | (14,556) |
| Expected return on scheme assets | 10,554 | - | 10,554 |
| Actual less expected return on scheme assets | (14,817) | - | (14,817) |
| Experience gains on liabilities | - | 2,290 | 2,290 |
| Changes in assumptions | - | (24,153) | (24,153) |
| Contributions by plan participants | 1,925 | (1,925) | - |
| Past service cost | - | (8,400) | (8,400) |
| Benefits paid from plan assets | (7,730) | 7,730 | - |
| Employer Contributions paid | 7,481 | - | 7,481 |
| **As at 31 December 2011** | **171,443** | **(306,410)** | **(134,967)** |

| | Pension Assets €'000 | Pension Liabilities €'000 | Pension Deficit €'000 |
|---|---|---|---|
| At 31 December 2009 | 161,475 | (233,847) | (72,372) |
| Current service cost | - | (3,685) | (3,685) |
| Interest on scheme liabilities | - | (13,919) | (13,919) |
| Expected return on scheme assets | 10,554 | - | 10,554 |
| Actual less expected return on scheme assets | 129 | - | 129 |
| Experience losses on liabilities | - | 2,739 | 2,739 |
| Changes in assumptions | - | (20,218) | (20,218) |
| Past service cost | - | - | - |
| Contributions by plan participants | 1,970 | (1,970) | - |
| Benefits paid from plan assets | (7,700) | 7,700 | - |
| Employer contributions paid | 7,602 | - | 7,602 |
| **As at 31 December 2010** | **174,030** | **(263,200)** | **(89,170)** |

The following amounts were measured in accordance with the requirements of FRS 17 at 31 December 2007-2011 inclusive.

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| **Expected rate of return:** | | | | | |
| Equities | 7.50% | 7.50% | 8.00% | 8.50% | 7.50–8.00% |
| Bonds | 3.20% | 3.40% | 3.80% | 3.75% | 4.30–4.40% |
| Property | 5.50% | 5.50% | 6.00% | 6.00% | 5.75–5.90% |
| Other | 2.00% | 2.00% | 2.00% | 2.50% | 3.00% |

| | 2011 €'000 | 2010 €'000 | 2009 €'000 | 2008 €'000 | 2007 €'000 |
|---|---|---|---|---|---|
| **Market Value:** | | | | | |
| Equities | 114,754 | 107,007 | 99,695 | 70,250 | 117,429 |
| Bonds | 40,624 | 50,867 | 40,741 | 44,482 | 38,553 |
| Property | 13,255 | 12,357 | 13,310 | 8,213 | 10,075 |
| Other | 2,810 | 3,799 | 7,729 | 15,463 | 13,033 |
| Total market value of assets | 171,443 | 174,030 | 161,475 | 138,408 | 179,090 |
| Present value of scheme liabilities | (306,410) | (263,200) | (233,847) | (221,022) | (245,436) |
| Deficit in the scheme | (134,967) | (89,170) | (72,372) | (82,614) | (66,346) |

For the purposes of disclosure under FRS 17 – 'Retirement Benefits' the assets and liabilities of the Coillte Teoranta and Medite Europe Limited defined benefit schemes have been combined in 2011. Under FRS 17 the deficit in the Coillte Teoranta scheme net of deferred tax was €122.0m (2010: deficit of €80.9m) and the deficit in the Medite Europe Limited scheme net of deferred tax was €8.5m (2010: deficit of €5.5m).

## 9. Pensions - *continued*

### B. Financial Reporting Standard 17 (FRS 17) - *continued*

**The principal actuarial assumptions at the balance sheet date:**

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| The main financial assumptions used were: | | | | | |
| Rate of increase in salaries | 3.50% | 3.50% | 3.50% | 3.50% | 4.00% |
| Rate of increase in pension payments | | | | | |
| - Coillte Teoranta | 3.50% | 3.50% | 3.50% | 3.50% | 4.00% |
| - Medite Europe Limited | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Discount rate | 5.00% | 5.50% | 5.90% | 5.75% | 5.50% |
| Price inflation | 2.00% | 2.00% | 2.00% | 2.00% | 2.50% |

Assumptions regarding future mortality are set based on advice from published statistics and experience.
The average life expectancy in years for a pensioner retiring aged 65 is as follows:

| | 2011 | 2010 |
|---|---|---|
| Male – current pensioner | 23.0 | 22.80 |
| Female – current pensioner | 24.5 | 24.40 |
| Male – future pensioner (age 45) | 25.7 | 25.60 |
| Female – future pensioner (age 45) | 26.7 | 26.60 |

| **5 year analysis** | **2011** | **2010** | **2009** | **2008** | **2007** |
|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Present value of the defined benefit obligation | (306,410) | (263,200) | (233,847) | (221,022) | (245,436) |
| Fair value of plan assets | 171,443 | 174,030 | 161,475 | 138,408 | 179,090 |
| Pension Deficit | (134,967) | (89,170) | (72,372) | (82,614) | (66,346) |

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Experience adjustment on plan Liabilities as a percentage of scheme liabilities at the balance sheet date | (0.75%) | (1.04%) | 5.4% | (4.14%) | 1.44% |
| Experience adjustment on plan Assets as a percentage of scheme assets at the balance sheet date | (8.64%) | 0.07% | 1.0% | (37.10%) | (7.78%) |

**Sensitivity analysis of the scheme liabilities**

A decrease of 1% in the discount rate would increase the Coillte defined benefit pension scheme obligation by €52.4m and an increase of 1% in the discount rate would decrease the Coillte defined benefit pension scheme obligation by €42.1m. A decrease of 1% in the discount rate would increase the Medite defined benefit obligation by €5.5m and an increase of 1% in the discount rate would decrease the Medite defined benefit pension scheme obligation by €4.2m.

### C. Defined contribution pension scheme

Smart*Ply* Europe Limited and Coillte Panel Products UK Limited contribute to defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost for the period for Smart*Ply* Europe Limited amounted to €357,000 (2010: €363,000) and contributions of €37,000 (2010: €24,000) were not transferred to the fund until after the year end. The pension cost for the period for Coillte Panel Products UK Limited amounted to €86,000 (2010: €109,000) and contributions of €3,000 (2010: €3,000) were not transferred to the fund until after the year end.

The Group contributes to a separately funded defined contribution pension scheme on behalf of certain employees in Coillte Teoranta and Medite Europe Limited who are not members of the defined benefit schemes. The assets of these schemes are held separately from those of the Group in an independently administered scheme. The pension cost for the period amounted to €181,000 (2010: €200,000) and contributions of €22,000 (2010: €27,000) were not transferred to the fund until after the year end.

## 10. Tangible assets

| | Notes | Forests & land | Buildings | Machinery & equipment | Total |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| **A. Group** | | | | | |
| **Cost** | | | | | |
| At 1 January 2011 | (i) | 1,378,775 | 34,082 | 115,437 | 1,528,294 |
| Additions | (ii) | 34,534 | - | 7,950 | 42,484 |
| Depletion | (iii) | (8,681) | - | - | (8,681) |
| Disposals | | (154) | (666) | (2,602) | (3,422) |
| At 31 December 2011 | | 1,404,474 | 33,416 | 120,785 | 1,558,675 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2011 | | 12,017 | 18,247 | 53,608 | 83,872 |
| Charge for year | (iv) | - | 2,696 | 7,621 | 10,317 |
| Disposals | | - | (457) | (2,252) | (2,709) |
| At 31 December 2011 | | 12,017 | 20,486 | 58,977 | 91,480 |
| **Net book amounts** | | | | | |
| At 31 December 2011 | | 1,392,457 | 12,930 | 61,808 | 1,467,195 |
| At 31 December 2010 | | 1,366,758 | 15,835 | 61,829 | 1,444,422 |

| | Notes | Forests & land | Buildings | Machinery & equipment | Total |
|---|---|---|---|---|---|
| **B. Company** | | | | | |
| **Cost** | | | | | |
| At 1 January 2011 | (i) | 1,366,495 | 12,347 | 28,484 | 1,407,326 |
| Additions | (ii) | 34,473 | - | 1,993 | 36,466 |
| Depletion | (iii) | (8,681) | - | - | (8,681) |
| Disposals | | (154) | (678) | (2,208) | (3,040) |
| At 31 December 2011 | | 1,392,133 | 11,669 | 28,269 | 1,432,071 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2011 | | 11,457 | 3,914 | 16,194 | 31,565 |
| Charge for year | (iv) | - | 229 | 1,531 | 1,760 |
| Disposals | | - | (472) | (2,112) | (2,584) |
| At 31 December 2011 | | 11,457 | 3,671 | 15,613 | 30,741 |
| **Net book amounts** | | | | | |
| At 31 December 2011 | | 1,380,676 | 7,998 | 12,656 | 1,401,330 |
| At 31 December 2010 | | 1,355,038 | 8,433 | 12,290 | 1,375,761 |

(i) Tangible assets taken over from the Department of Agriculture, Food and the Marine on Vesting Day (1 January 1989) are stated at cost, based on the amount agreed between the Group and the Minister for Agriculture, Food and the Marine. Subsequent additions are stated at cost.

(ii) Additions to forests and land comprised €0.89m (2010:€0.93m) for afforestation, €19.56m (2010:€18.08m) for reforestation, €13.12m (2010:€13.36m) for other capital work and €0.96m (2010:€1.02m) paid for land.

(iii) Depletion represents the cost of forests clearfelled during the year, calculated as the proportion that the area harvested bears to the total area of similar forests. The depletion amount is charged to the profit and loss account and is based on cost, as defined in (i) above.

(iv) The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

- Buildings — 20 to 50 years
- Machinery and equipment — 4 to 20 years

(v) Included in the net book amount of tangible assets is an amount for capitalised leased assets of €65,000 (2010: €6,000). The depreciation charge for capitalised leased assets for the year ended 31 December 2011 was €20,000 (2010: €12,000).

(vi) Tangible assets are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired. In 2010, an impairment charge of €1.4m was included in the Group profit and loss account where the Group's investment in certain forestry assets were written down to their recoverable amount. No similar impairment charge is required in 2011.

## 11. Financial assets

**A. Group**

| | Associated Undertakings | Other Investments | Total |
|---|---|---|---|
| | **€'000** | **€'000** | **€'000** |
| **Unlisted shares** | | | |
| At 1 January 2011 | (201) | 1,422 | 1,221 |
| Revaluation of investments | - | 47 | 47 |
| Share of associate losses (note 30) | (50) | - | (50) |
| At 31 December 2011 | (251) | 1,469 | 1,218 |

**B. Company**

| | Subsidiary Undertaking | Associated Undertaking | Other Investments | Total |
|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** |
| **Unlisted shares** | | | | |
| At 1 January 2011 | 78,856 | - | 1,422 | 80,278 |
| Revaluation of investments | - | - | 47 | 47 |
| At 31 December 2011 | 78,856 | - | 1,469 | 80,325 |
| **Loans , advances and trading balances** | | | | |
| At 1 January 2011 | (12,200) | 139 | - | (12,061) |
| Movements | (4,411) | (188) | - | (4,599) |
| At 31 December 2011 | (16,611) | (49) | - | (16,660) |
| **Net investment** | | | | |
| At 31 December 2011 | 62,245 | (49) | 1,469 | 63,665 |
| At 31 December 2010 | 66,656 | 139 | 1,422 | 68,217 |

**Notes:**

(i) Other investments include the cost of forests, which were transferred to the Irish Forestry Unit Trust in exchange for units in the fund. At 31 December 2011 the Group held 471,516 units which were readily realisable and were marked to market.

## 12. Intangible assets

| | 2011 | 2010 |
|---|---|---|
| | **€'000** | **€'000** |
| At 1 January | 696 | 814 |
| Amortised during year (note i) | (118) | (118) |
| At 31 December | 578 | 696 |

(i) On 27 November 2006 the Group recognised goodwill of €1.2 million on the acquisition of 100% of the share capital in Medite Europe Limited. The goodwill is being amortised on a straight line basis over its estimated useful life. This has been estimated at 10 years after taking account of the nature of the business acquired and the industry in which it operates.

## 13. Stocks

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| Raw material and consumables | 10,435 | 8,016 | 6,382 | 4,763 |
| Non critical spare parts (net of provisions) | 2,455 | 1,593 | - | - |
| Goods for resale | 11,306 | 7,840 | - | - |
| | 24,196 | 17,449 | 6,382 | 4,763 |

The value of stock is shown net of any provisions for obsolescence and impairment. The replacement cost of stocks does not materially differ from the valuation computed on a first-in-first-out basis.

## 14. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010* | 2011 | 2010* |
| | €'000 | €'000 | €'000 | €'000 |
| **Amounts falling due within one year** | | | | |
| Trade debtors | 36,110 | 37,593 | 17,593 | 15,851 |
| Grants receivable | 2,145 | 2,339 | 2,145 | 2,339 |
| Other debtors and prepayments | 22,682 | 18,500 | 21,883 | 17,460 |
| | 60,937 | 58,432 | 41,621 | 35,650 |

* As stated in note 32 certain comparative figures have been restated where necessary.

## 15. Trade creditors and accruals

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010* | 2011 | 2010* |
| | €'000 | €'000 | €'000 | €'000 |
| **Amounts falling due within one year** | | | | |
| Finance leases (note 17) | 15 | 6 | - | - |
| Trade creditors | 7,488 | 7,628 | 3,949 | 5,328 |
| Taxation and social welfare (note 16) | 4,752 | 4,806 | 2,105 | 3,428 |
| Accruals and deferred income | 47,779 | 38,452 | 34,469 | 27,660 |
| | 60,034 | 50,892 | 40,523 | 36,416 |
| Capital grants deferred (note 23) | 327 | 327 | 39 | 39 |
| | 60,361 | 51,219 | 40,562 | 36,455 |

* As stated in note 32 certain comparative figures have been restated where necessary.

## 16. Taxation and social welfare

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| **Taxation and social welfare comprise** | | | | |
| PAYE/PRSI | 2,293 | 1,948 | 997 | 1,272 |
| VAT | 1,844 | 1,854 | 1,097 | 1,240 |
| Corporation and capital gains tax | 536 | 944 | - | 876 |
| Other | 79 | 60 | 11 | 40 |
| | 4,752 | 4,806 | 2,105 | 3,428 |

## 17. Loans and other debt

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| Wholly repayable within 1 year | | | | |
| Finance lease | 15 | 6 | - | - |
| | 15 | 6 | - | - |
| Repayable between 2 and 5 years (note 18) | | | | |
| Loans | 170,000 | 160,000 | 170,000 | 160,000 |
| Finance lease | 22 | - | - | - |
| Total loans and other debt | 170,037 | 160,006 | 170,000 | 160,000 |

## 18. Creditors

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| **Amounts falling due after one year** | | | | |
| Loans | 170,000 | 160,000 | 170,000 | 160,000 |
| Capital grants deferred (note 23) | 1,710 | 2,012 | 189 | 200 |
| Finance leases | 22 | - | - | - |
| | 171,732 | 162,012 | 170,189 | 160,200 |

## 19. Financial instruments

For the purposes of the disclosures that follow in this note, short-term debtors and creditors which arise directly from the Group's operations have been excluded as permitted under FRS 13. The disclosures therefore, focus on those financial instruments which play a significant medium term role in the financial risk profile of the Group. Financial assets are separately disclosed in note 11.

**A. Treasury management**

The Group treasury function, as part of the Group finance function, operates as a centralised service which aims to ensure cost-efficient funding for the Group and to manage its financial risks. The main risks identified are interest rate, foreign exchange and liquidity risk. The activities of Group treasury are routinely reported to members of the Board and are subject to review by internal audit. Group treasury does not engage in speculative activity and undertakes its operations in a risk averse manner. The main financial instruments used to manage interest rate and foreign exchange risk arising from the Group's operations are interest rate swaps and forward foreign exchange contracts and all derivatives are undertaken with appropriate counterparties.

**B. Interest rate risk management**

The interest rate risk profile of the Group's financial liabilities as at 31 December was as follows:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | €'000 | % | €'000 | % |
| Fixed rate financial liabilities | 100,037 | 59 | 45,006 | 28 |
| Floating rate financial liabilities | 70,000 | 41 | 115,000 | 72 |
| (note 17) | 170,037 | 100 | 160,006 | 100 |
| | | | | |
| Weighted average fixed debt interest rates | | 5.20% | | 6.80% |
| Weighted average fixed debt period – years | | 1.1 | | 2.6 |

All of the Group's borrowings are in Euro. The amounts shown above take into account the effect of interest rate swaps used to manage interest rate exposures.

The Group seeks to have between 50% and 80% of its core debt fixed at all times. In certain circumstances the Group may fix a percentage outside of this band and at the end of 2011, 59% of debt was fixed (2010:28%). While only 28% of debt was fixed at 31 December 2010, the Group had a number of fixed interest rate contracts that came into effect from January 2011 that brought the fixed cover to 59%.

## 19. Financial instruments *- continued*

Floating rate debt comprises bank borrowings bearing interest at rates determined in advance for periods ranging from over-night to less than one year largely by reference to inter-bank interest rates (EURIBOR). The Group minimises cash balances.

This strategy means that a 1% increase in interest rates would cost the Group €700,000 (2010: €1,150,000) in additional interest charges per annum.

**C. Liquidity risk**

The maturity profiles of debt as at 31 December 2010 and 2011 are as follows:

| | 2011 €'000 | % | 2010 €'000 | % |
|---|---|---|---|---|
| **Repayable:** | | | | |
| In one year or less | 15 | 1 | 6 | 1 |
| Between two and five years | 170,022 | 99 | 160,000 | 99 |
| Total | 170,037 | 100 | 160,006 | 100 |

The maturity profile is determined by reference to the earliest date on which payment can be required or on which the liability falls due.

The group had undrawn facilities of €77.8m (2010: €95.3m) as at 31 December 2011.

**D. Fair values**

Fair value is the amount at which a financial instrument could be exchanged in an arms length transaction between informed and willing parties, other than in a forced or liquidation sale. The following table provides a comparison of the carrying amounts (book value) and fair value amounts of the Group's financial assets and liabilities.

| | Book value | | Fair value | | Mark-to-market gain/(loss) | |
|---|---|---|---|---|---|---|
| | 2011 €'000 | 2010 €'000 | 2011 €'000 | 2010 €'000 | 2011 €'000 | 2010 €'000 |
| **Assets** | | | | | | |
| Financial assets | 1,469 | 1,422 | 1,469 | 1,422 | - | - |
| Cash | 15,585 | 9,428 | 15,585 | 9,428 | - | - |
| **Liabilities** | | | | | | |
| Overdrafts | - | - | - | - | - | - |
| Floating rate debt | 170,000 | 160,000 | 170,000 | 160,000 | - | - |
| Finance leases | 37 | 6 | 37 | 6 | - | - |
| **Derivatives** | | | | | | |
| Interest rate swaps | - | - | (2,401) | (2,541) | (2,401) | (2,541) |
| Foreign exchange contracts | - | - | (1,534) | 831 | (1,534) | 831 |

**E. Currency contracts (Sterling)**

At 31 December 2011, the Group had entered into Euro / Stg£ foreign exchange contracts for the sale of the total principal amount of Stg £53.9 million at the rate of 0.8584. There was a loss of €1,470,035 on sterling forward contracts marked to market at 31 December 2011.

At 31 December 2011, the Group had Euro / Stg £ foreign exchange options and collars for the sale of the total principal amount of Stg £1.55 million at the rate of 0.8722. There was a loss of €64,803 on these instruments as at 31 December 2011.

## 19. Financial instruments *- continued*

**F. Gains and losses on hedges**

The Group enters into forward interest rate swaps and foreign currency contracts to manage exposures that arise on interest rates and revenue and costs denominated in foreign currencies. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

| | Gains | Losses | 2011 Total | 2010 Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Unrecognised gains and (losses) on hedges at 1 January 2011 | 831 | (2,541) | (1,710) | (3,214) |
| Gains and (losses) arising in previous years recognised prior to 1 January 2011 | (831) | 970 | 139 | 1,280 |
| Gains / (losses) arising in 2011 that were not recognised prior to 1 January 2011 | - | (2,364) | (2,364) | 224 |
| Unrecognised gains and (losses) on hedges at 31 December 2011 | - | (3,935) | (3,935) | (1,710) |
| | | | | |
| Expected to mature: | | | | |
| Within one year | - | (1,534) | (1,534) | 1,179 |
| After one year | - | (2,401) | (2,401) | (2,889) |
| | - | (3,935) | (3,935) | (1,710) |

## 20. Provisions for liabilities and charges

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | €'000 | €'000 | €'000 | €'000 |
| Legal and other provisions | 2,993 | 3,876 | 1,975 | 2,612 |
| Deferred taxation | 3,173 | 3,609 | 308 | 296 |
| | 6,166 | 7,485 | 2,283 | 2,908 |

**A. Legal and other provisions**

Legal and other provisions relates to provisions included in the financial statements for legal claims against the Group on the basis of the amounts that management consider will become payable, after evaluating the recommendations of claim advisors, knowledge of the in-house legal team, other experts and insurance thresholds.

| **Legal and other provisions** | | | | |
|---|---|---|---|---|
| At 1 January | 3,876 | 3,049 | 2,612 | 3,049 |
| Net movements | (883) | 827 | (637) | (437) |
| At 31 December | 2,993 | 3,876 | 1,975 | 2,612 |

**B. Deferred tax**

| **Deferred Taxation** | | | | |
|---|---|---|---|---|
| At 1 January | 3,609 | 2,913 | 296 | 299 |
| Net movements (note 8) | (436) | 696 | 12 | (3) |
| At 31 December | 3,173 | 3,609 | 308 | 296 |

No asset has been recognised for deferred tax of €4,212,000 (2010: €4,709,000) arising on the losses carried forward in one of the Group companies. In view of the current trading environment it was not considered prudent to recognise the asset at this stage.

| **Deferred taxation arising on pension deficits** | | | | |
|---|---|---|---|---|
| At 1 January | (2,788) | (2,180) | (2,180) | (1,678) |
| Net movement recognised in STRGL | (1,642) | (605) | (1,046) | (502) |
| Net movement recognised in Profit & Loss | (12) | (3) | - | - |
| At 31 December | (4,442) | (2,788) | (3,226) | (2,180) |

## 21. Called up share capital

| | 2011 | 2010 |
|---|---|---|
| | €'000 | €'000 |
| Ordinary shares of €1.26 each | | |
| Authorised: | 1,260,000 | 1,260,000 |
| Issued and fully paid | 795,060 | 795,060 |

During the year ended 31 December 2001, in accordance with the Economic and Monetary Union Act, 1998, the share capital was redenominated into Euro and the nominal value was renominalised to €1.26. Consequently the issued and fully paid share capital was reduced by €6,145,000 and that amount was transferred to the capital conversion reserve fund.

## 22. Reserves

| **Grant Reserve** | 2011 | 2010 |
|---|---|---|
| | €'000 | €'000 |
| At 1 January | 151,273 | 149,610 |
| Net movement in forestry grants (note 27) | 1,515 | 1,663 |
| At 31 December | 152,788 | 151,273 |

| **Profit and Loss Account** | 2011 | 2010 |
|---|---|---|
| | €'000 | €'000 |
| Parent company | 231,897 | 258,529 |
| Subsidiary undertakings | 15,286 | 13,744 |
| Associated undertaking | (251) | (201) |
| | 246,932 | 272,072 |

As permitted by Section 148(8) of the Companies Amendment Act, 1986, the Parent company is availing of the exemption of presenting its separate profit and loss account in these financial statements and from filing it with the Registrar of Companies.

## 23. Forestry and other grants

| | Forestry | Other | 2011 Total | Forestry | Other | 2010 Total |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **A. Group** | | | | | | |
| At 1 January | 151,273 | 2,339 | 153,612 | 149,610 | 2,700 | 152,310 |
| Receivable during year | 1,515 | - | 1,515 | 2,157 | - | 2,157 |
| | 152,788 | 2,339 | 155,127 | 151,767 | 2,700 | 154,467 |
| Amortised during year | - | (302) | (302) | (494) | (361) | (855) |
| At 31 December | 152,788 | 2,037 | 154,825 | 151,273 | 2,339 | 153,612 |
| **B. Company** | | | | | | |
| At 1 January | 151,273 | 239 | 151,512 | 149,610 | 313 | 149,923 |
| Movement | 1,515 | - | 1,515 | 2,157 | - | 2,157 |
| | 152,788 | 239 | 153,027 | 151,767 | 313 | 152,080 |
| Amortised during year | - | (11) | (11) | (494) | (74) | (568) |
| At 31 December | 152,788 | 228 | 153,016 | 151,273 | 239 | 151,512 |

**Other grants (notes 15 and 18)**
The period over which other capital grants will be amortised is as follows:

| **C. Group** | | 2011 | | 2010 |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Within 1 year | | 327 | | 327 |
| Between 2 and 5 years | 1,197 | | 1,227 | |
| Over 5 year | 513 | | 785 | |
| | | 1,710 | | 2,012 |
| | | 2,037 | | 2,339 |
| **D. Company** | | | | |
| Within 1 year | | 39 | | 39 |
| Between 2 and 5 years | 45 | | 75 | |
| Over 5 years | 144 | | 125 | |
| | | 189 | | 200 |
| | | 228 | | 239 |

## 24. Future capital expenditure not provided for

| | 2011 | 2010 |
|---|---|---|
| | €'000 | €'000 |
| Contracted for | - | - |
| Authorised by the Directors but not contracted for | 56,496 | 64,764 |
| At 31 December | 56,496 | 64,764 |

## 25. Contingencies and commitments

**A. Government grants**

A contingent liability of €42,999,000 (2010: €52,835,000) exists in respect of government grants which become repayable if certain conditions, as set out in the agreements, are not adhered to. The most significant of these conditions relates to afforestation grants. Plantations must be adequately maintained and protected for a period of at least ten years after the date of payment of the grant, failing which all grant monies or part thereof may be refundable.

**B. The Irish Forestry Unit Trust**

The trust deed of the Irish Forestry Unit Trust commits the Group to providing liquidity to the fund if it is needed. This commitment would require the purchase of forests by the Group from the Irish Forestry Unit Trust representing up to 15% of the value of the fund. This is subject to an annual limit of the lesser of 5% of the value of the fund or €4,400,000. The maximum amount that the Group can be required to purchase is €38,000,000.

**C. Operating lease commitments**

Commitments under operating leases expire as follows:

| | Land & Buildings | Machinery & equipment | Total 2011 | Total 2010 |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Within one year | 36 | 156 | 192 | 70 |
| Between two and five years | 300 | 119 | 419 | 448 |
| Over five years* | 366 | - | 366 | 395 |
| | 702 | 275 | 977 | 913 |

* Included within the commitments for land and buildings, Smart*Ply* Europe Limited leases 60 acres on which its facility is constructed from Waterford Harbour Commissioners and Kilkenny County Council. The lease agreement expires in 2034, it is renewable at five year intervals thereafter and it provides for rent reviews every five years. The Company has an option to terminate the lease on 25 July 2014 and on 25 July 2024. The Company has a commitment, under the terms of the lease, to ship a certain agreed tonnage of finished product through the Port of Waterford each year. At 31 December 2011 the Company was committed to making an annual payment of €112,000 (2010: €112,000) in respect of these lease obligations.

On cessation of the lease and vacating the site Smart*Ply* Europe Limited is required to remove all plant, equipment, rolling stock and inventory and shall give the lessor clear and vacant possession of the premises, foundations and fixtures.

## 26. Notes to the Group Cashflow Statement

### A. Reconciliation of operating profits to net cash inflow from operating activities

| | Notes | 2011 €'000 | 2010 €'000 |
|---|---|---|---|
| Operating profit | | 32,354 | 44,673 |
| Depreciation | 2 | 10,255 | 10,259 |
| Depletion | 10 | 8,681 | 9,101 |
| Impairment of fixed assets | 10(vi) | - | 1,392 |
| Amortisation of goodwill | 12 | 118 | 118 |
| Profit on sale of tangible fixed assets | 26(d) | (7,911) | (8,895) |
| Revaluation of IForUT units | 11 | (47) | 12 |
| Amortisation of grants | 23 | (302) | (855) |
| Disposal of shareholding in JV | | - | (193) |
| Movement in provisions and liabilities | 20 | (883) | 827 |
| Movement in pension fund liability | | 6,144 | (3,060) |
| **Movement in working capital** | | | |
| (Increase)/decrease in stocks | 26(g) | (6,747) | 13 |
| (Increase)/decrease in debtors | 26(g) | (2,699) | 14,064 |
| Increase in creditors | 26(g) | 9,528 | 3,996 |
| | | 48,491 | 71,452 |

### B. Interest paid and received

| | Notes | 2011 €'000 | 2010 €'000 |
|---|---|---|---|
| Interest charge | 6 | 8,585 | 9,274 |
| Interest received | 6 | (3) | (614) |
| Movement of interest accrual | 26(g) | (13) | 1,445 |
| | | 8,569 | 10,105 |

### C. Additions to tangible fixed assets

| | Notes | 2011 €'000 | 2010 €'000 |
|---|---|---|---|
| Fixed asset additions | 10 | 42,484 | 45,474 |
| Less: non cash consideration (depreciation) | | (63) | (102) |
| | | 42,421 | 45,372 |

### D. Sale of tangible fixed assets

| | Notes | 2011 €'000 | 2010 €'000 |
|---|---|---|---|
| Net book value of assets sold | 10 | 713 | 1,868 |
| Profit on disposals of assets | | 7,911 | 8,895 |
| Cash consideration | | 8,624 | 10,763 |

### E. Analysis of changes in financing during the year

| | Share Capital €'000 | Share Capital Conversion €'000 | Capital Grants €'000 | Finance Lease Obligations €'000 |
|---|---|---|---|---|
| At 1 January 2011 | 795,060 | 6,145 | 153,612 | 6 |
| Capital grants received | - | - | 1,709 | - |
| Additional finance leases obligations | - | - | - | 31 |
| Movement in capital grants receivable | - | - | (194) | - |
| Capital grants amortised | - | - | (302) | - |
| At 31 December 2011 | **795,060** | **6,145** | **154,825** | **37** |

## 26. Notes to the Group Cashflow Statement - *continued*

**F. Analysis of movement in net debt**

| | Balance 1 Jan €'000 | Cash Flows €'000 | Balance 31 Dec €'000 |
|---|---|---|---|
| Cash at bank | 9,428 | 6,157 | 15,585 |
| Debt due within one year | (6) | (31) | (37) |
| Debt due after one year | (160,000) | (10,000) | (170,000) |
| | (150,578) | (3,874) | (154,452) |

**G. Analysis of movement in working capital**

| | Balance 1 Jan* €'000 | Balance 31 Dec €'000 | Cash Flows €'000 |
|---|---|---|---|
| Stock | 17,449 | 24,196 | (6,747) |
| Debtors | 58,432 | 60,937 | (2,505) |
| Less capital grants receivable | (2,339) | (2,145) | (194) |
| | 56,093 | 58,792 | (2,699) |
| Creditors (excluding corporation tax, capital grants, loans and leases) | 49,942 | 59,483 | 9,541 |
| less: accrued interest | (2,245) | (2,258) | (13) |
| | 47,697 | 57,225 | 9,528 |

**H. Reconciliation of net cashflow to movements in net debt**

| | 2011 €'000 | 2010 €'000 |
|---|---|---|
| Increase in cash in the period | 6,157 | 29,059 |
| Cash (inflow)/outflow on finance leases | (31) | 16 |
| Cash inflow on bank loans | (10,000) | (2,300) |
| | (3,874) | 26,775 |
| Net debt at the beginning of the year | (150,578) | (177,353) |
| Net debt at the end of the year | (154,452) | (150,578) |

* As stated in note 32 certain comparative figures have been restated where necessary.

## 27. Reconciliation of movements in shareholders' funds

| | Share Capital €'000 | Share Capital Conversion €'000 | Capital Forest Grants €'000 | Profit and Loss account €'000 | Total €'000 |
|---|---|---|---|---|---|
| At 1 January 2011 | 795,060 | 6,145 | 151,273 | 272,072 | 1,224,550 |
| Retained profit for the year | - | - | - | 19,898 | 19,898 |
| Actuarial loss recognised on pension schemes | - | - | - | (36,680) | (36,680) |
| Deferred tax related to actuarial loss | - | - | - | 1,642 | 1,642 |
| Net movement in forestry grants | - | - | 1,515 | - | 1,515 |
| Dividends paid | - | - | - | (10,000) | (10,000) |
| **At 31 December 2011** | **795,060** | **6,145** | **152,788** | **246,932** | **1,200,925** |

## 28. Related party transactions

**A. The ownership of the company**

One ordinary share is held by the Minister for Agriculture, Food and the Marine and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform.

**B. Sales of goods, property and services to entities controlled by the Irish Government***

In the ordinary course of its business the Group sold goods, property and services to entities controlled by the Irish Government, principally the ESB. Sales of these goods, property and services amounted to €5.4m in 2011 and amounts due from these entities to the Group at 31 December 2011 for these goods, property and services amounted to €1.5m.

**C. Purchases of goods and services from entities controlled by the Irish Government***

In the ordinary course of its business the Group purchased goods and services from entities controlled by the Irish Government, principally the ESB. Purchases of goods and services amounted to €11.4m in 2011 and amounts due to these entities at 31 December 2011 for these goods and services amounted to €0.7m.

**D. Transactions with state controlled/influenced financial institutions**

The Group have loan facilities of €100m with Allied Irish Banks plc (A.I.B.) and Bank of Ireland (B.O.I.) as part of a syndicated loan agreement which includes a number of financial institutions. Interest payments in relation to the drawn balances amount to €3.9m for 2011. At 31 December 2011 the Group had entered into Eur/Stg£ foreign exchange contracts with A.I.B. and B.O.I. for the sale of the principal amount of STG £32.7 million at the rate of 0.8577. The Group also had €57m of interest rate swaps in place with A.I.B. and B.O.I. at a weighted average interest rate of 2.638%.

**E. Transactions with state controlled/influenced financial institutions**

***Moylurg Rockingham Limited***

In the ordinary course of its business the Group sold goods and services to Moylurg Rockingham Limited amounting to €0.01m (2010: €0.04m), the balance due from this company at 31 December 2011 for these goods and services was €0.01m (2010: €nil)

***Garvagh Glebe Windpower Limited***

During 2010 the Group disposed of its 50% shareholding in Garvagh Glebe Windpower Limited to its joint venture partner, ESB Power Generation Holding Company Limited for €193,079. The Group advanced loans of €4m to Garvagh Glebe Windpower Limited in 2010. All loan balances were repaid when the Group disposed of its interest in the joint venture company.

** Entities controlled by the Irish Government refers to all county councils, Government departments and semi-state companies.*

## 29. Subsidiary and Associated Undertakings

| | % Held | Principal Activities | Registered Office and Country of Incorporation |
|---|---|---|---|
| **Subsidiary Undertakings** | | | |
| Smart*Ply* Europe Limited | 100 | Oriented strand board (OSB) manufacture | Belview, Slieverue, Waterford, Ireland |
| Medite Europe Limited | 100 | Medium density fibreboard (MDF) manufacture | Redmonstown, Clonmel, Co. Tipperary, Ireland. |
| Coillte Panel Products (UK) Limited | 100 | Panel products marketing | Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, UK. |
| **Associated Undertaking** | | | |
| Moylurg Rockingham Limited | 50 | Forest recreation | Lough Key Forest and Activity Park, Boyle, Co. Roscommon, Ireland |

In accordance with Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its wholly owned subsidiaries and, as a result, these subsidiaries have been exempted from the provisions of Section 7 of the Companies (Amendment) Act, 1986.

## 30. Associated undertakings – Moylurg Rockingham Limited

The following additional disclosure represents the Group's share of amounts included in the financial statements of Moylurg Rockingham Limited. This Company is a joint venture between Coillte and Roscommon County Council to provide forest recreation in Lough Key Forest Park. The Company was incorporated on 23 March 2005 and commenced trading under a joint venture agreement dated 16 August 2005. It is included in the consolidated financial statements as an associated undertaking using the equity method of accounting. The Company has been treated as an associated undertaking as Coillte's share of the losses are limited under the joint venture agreement.

| | 2011 €'000 | 2010 €'000 |
|---|---|---|
| Share of turnover | 535 | 508 |
| Share of the loss after tax * | (50) | (50) |
| Share of fixed assets | 3,891 | 4,111 |
| Share of current assets | 91 | 125 |
| Share of creditors due within one year | (59) | (130) |
| Share of creditors due after one year | (4,174) | (4,307) |
| Share of net assets | (251) | (201) |

** There was no tax charge during the period.*

## 31. Subsequent events

The Shareholders are undertaking a review of the Group's assets (excluding land) to assess their potential value for disposal purposes. At the date of signing the accounts, no decision had been taken in relation to this initiative.

Subsequent to year end the Group successfully refinanced its banking facilities for a period of 5 years.

On 3 May 2012 the Group announced a voluntary parting / early retirement scheme. No provision has been made for this in 2011.

## 32. Comparative figures

Certain comparative figures have been restated where necessary to conform with current period presentation.

## 33. Approval of financial statements

The Directors approved the financial statements on 2 July 2012.