Annual Report 2013

Contents

For more information about Coillte, please contact us at: Coillte, Newtownmountkennedy, Co. Wicklow, Ireland.
Tel: +353 1 201 1111 Email: info@coillte.ie www.coillte.ie

01

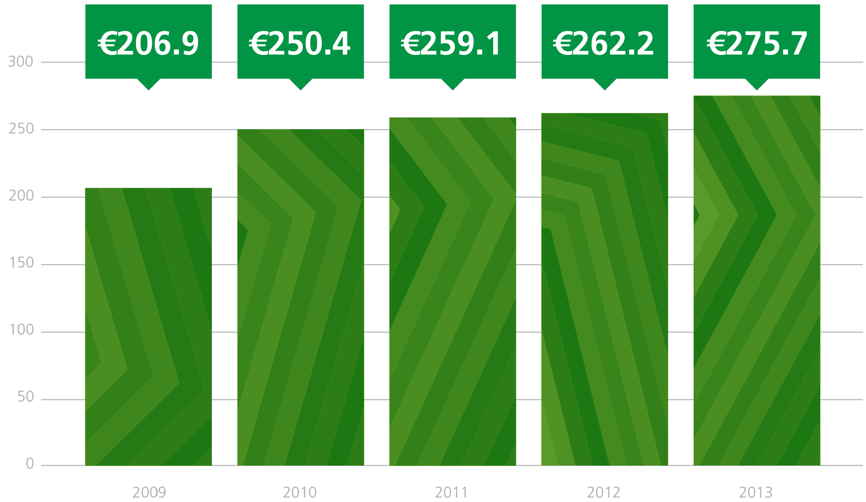
Our Business

Coillte's core purpose is to enrich lives locally, nationally and globally through innovative and sustainable management of natural resources. Coillte is a commercial company operating in forestry, land-based businesses, renewable energy and wood panel products.

Group Performance

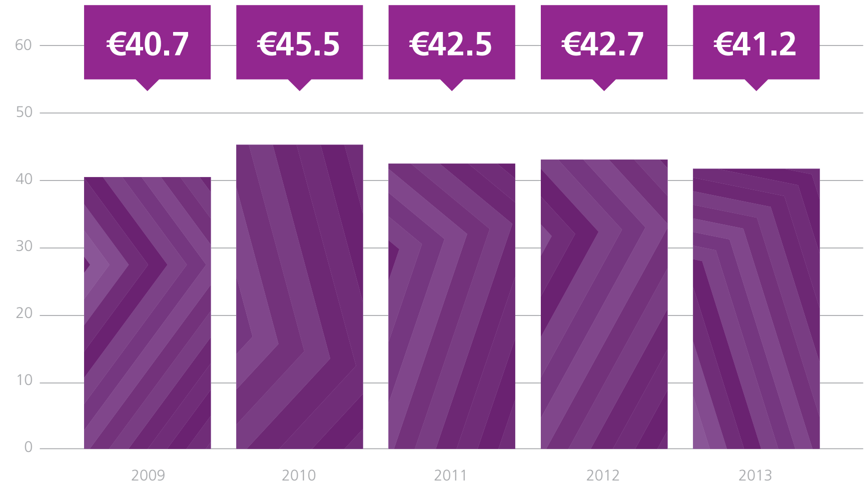
Turnover

€million



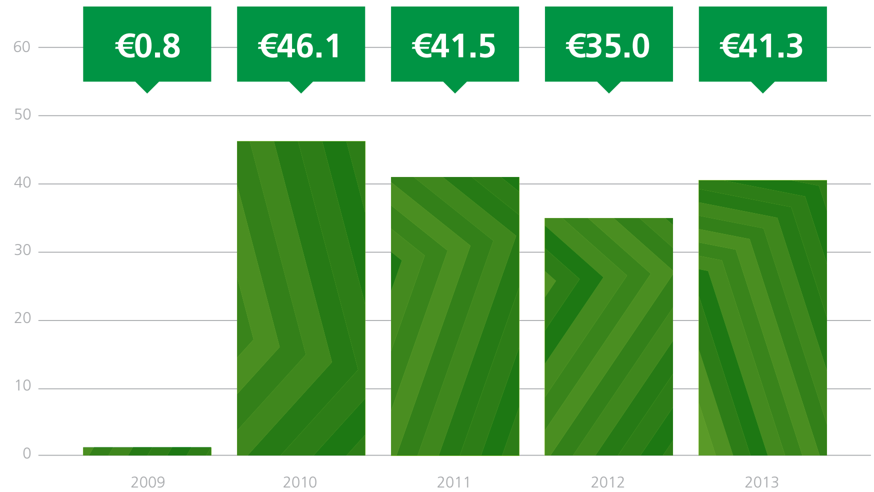
Capital Expenditure

€million



Operating Profit before exceptional items

€million



2013 Highlights

- Delivered profit after tax of €25.8m, up 69% on 2012
- Secured shareholder approval for €59m investment in SmartPly plant in Belview, Waterford Port
- Won overall European Business Award for Environmental and Corporate Sustainability
- Secured planning consent for 33 MW wind farm in Cork and significantly advanced consented wind farm projects with a combined capacity of 200 MW in Galway, Wicklow and Roscommon towards commencement of construction
- PEFC Certification audit successfully completed in two of our forestry areas
- Wild Nephin Wilderness Project in County Mayo launched by An Taoiseach and Minister for Arts, Heritage and Gaeltacht
- Hosted the European Panels Federation AGM in Dublin, as part of Coillte's contribution to The Gathering
- Launched a partnership with OCMS to promote the Coillte estate as prime location for filming and events
- Began construction of Cavan Burren interpretive centre, a joint venture with Cavan County Council
- Medite Tricoya – our innovative waterproof MDF – won Sustain magazine award for "Product of the Year"
- Planning permission secured for new telecoms tower on Three Rock Mountain in Dublin

Chairman's Statement

In 2013, Coillte completed 25 years in business as a commercial State company. Over a quarter of a century, Coillte has been transformed into a profitable, innovative and customer-focused group of businesses with annual sales in excess of €275m, selling products and services to customers not only in Ireland but in over 32 countries across the globe.

Since 1989, Coillte has invested €128m in increasing its forest estate by 81,000 ha to 443,000 ha, increased annual roundwood production from its estate by 60% to 2.4 million m^3 annually and acquired the SmartPly oriented strand board (OSB) and Medite medium density fibreboard (MDF) businesses to build a significant presence in the European panel products' market and add value to our forest assets.

We have leveraged our land asset to facilitate the achievement of national renewable energy objectives by selling and leasing property for windfarm development to third party developers. Today, c. 2,000 MW of windfarm generating assets have been connected to the national grid, and Coillte has directly facilitated c. 40% or 800 MW of this installed capacity. We will continue to assist developers and utilities in the drive towards the delivery of Ireland's 2020 targets. Latterly, we have secured planning permissions and grid connection offers for our own projects, which have the potential to contribute c. 500 MW of clean, renewable energy annually.

We have also used our land asset to develop important telecoms infrastructure that is an essential component of national mobile telephony, broadband and emergency services radio networks. Over the period, we also sold some 16,000 ha to facilitate a wide range of national and local infrastructure projects such as motorways, water schemes, industrial development projects and sports facilities as well as for rural housing and agriculture.

Side by side with the commercial development of the company, Coillte has played a unique role in delivering a wide range of environmental and social benefits. Coillte owns 7% of our national territory and our forests and land play key roles in areas such as outdoor recreation, tourism, water protection, community development, nature conservation and preservation of our cultural heritage. Independent research has valued our contribution from three public goods – landscape, nature conservation and cultural heritage – alone at over €500m per annum*. Over recent years, visitor numbers to Coillte's forests have approached 18 million annually.

Much has been achieved in 25 years and Coillte has never been more relevant. At its simplest, the world wants more of what we have to offer – high quality wood fibre from forests managed to internationally recognised environmental standards; sustainable, low carbon building products for energy efficient buildings; renewable energy from wind and biomass and enhanced bio-diversity and recreation infrastructure.

This demand for sustainable wood products and sustainable energy sources is expected to provide positive growth opportunities for Coillte in the next decade.

In recent years, our shareholders' expectations of commercial State companies have also changed. Today our shareholders rightly expect performance that is on a par with the best run private companies and that all State assets will provide an appropriate commercial return on a sustainable basis.

To address the growth opportunities available to us, Coillte developed a new strategy in 2013 called "Sustainable Value from Sustainable Living". We believe that by focusing on maximising the value of our

John Moloney, Chairman

two assets – land and forests – we can substantially increase both the enterprise value of Coillte and the level of dividend paid to our shareholders over the next five years.

While we will remain absolutely focused on improving our commercial performance and economic contribution over the coming years, we will achieve this without compromising the environmental and social dividend that Coillte delivers.

In 2013, the process initiated to consider the sale of certain State assets culminated in a Government decision not to sell the harvesting rights in Coillte's forests. At that time, the government decided to assess the prospects for a beneficial merger of Coillte and Bord na Móna. As part of this review process, Coillte has identified a number of areas of potential synergy between the two companies and advanced proposals on how these synergy benefits could best be captured for the benefit of our shareholders. At the time of writing this review process has not yet concluded.

Thanks

On behalf of Coillte, I would like to thank our customers, contractors, suppliers and partners for their business and continued support in 2013. We remain committed to working in partnership with our customers and stakeholders as we manage our way through the challenges ahead.

I would also like to thank the staff, management and my Board colleagues for your commitment to Coillte in 2013 and look forward to working with you to continue to deliver economic, social and environmental benefits for the people of Ireland into the future.

I want to pay tribute to my predecessor Brendan McKenna who was Chairman of Coillte for the last 11 years, and to wish him all the best in the future. Frank Toal and Alma Kelly also retired from the Board in 2013 having served for 10 and five years respectively and I would also like to acknowledge their significant contribution to Coillte over that time.
On behalf of myself and the Board I want to acknowledge the support of our shareholders, the Minister for Agriculture, Food and the Marine, Mr Simon Coveney TD, and the Minister for Public Expenditure and Reform, Mr Brendan Howlin TD and the officials of their respective Departments during 2013. I would also like to thank Minister of State Tom Hayes, TD, for his engagement and interest in forestry since he took up the role in June 2013. During the year, the company also interacted on a regular basis with NewERA in their role as commercial advisors to the shareholders. I would also like to thank Dr. Eileen Fitzpatrick, Director of NewERA and her officials for their support and guidance.

On a personal note, I was very pleased to be asked to chair the Board of Directors of Coillte – a company with a proud heritage and, I believe, a bright future. I hope to bring a fresh perspective with a renewed focus on commercial performance while maintaining and enhancing the delivery of environmental and social benefits. I look forward to playing my part in the next phase of Coillte's growth and development.

John Moloney
Chairman

Board of Directors’




John Moloney Chairman
John Moloney joined the Board in October 2013. He was previously Group Managing Director of Glanbia since 2001 and retired from this position in November 2013. He joined Glanbia in 1987 and held a number of senior management positions, joining the Board in 1998. Prior to this he worked in the Department of Agriculture, Food and the Marine and in the meat industry in Ireland. He is a non-executive director of DCC plc, Greencore plc, Smurfit Kappa Group and a number of private companies.

Board meetings attended 2013: 3 out of 4

Julie Murphy-O’Connor
Julie was appointed to the Board in June 2013. She is a partner in Matheson’s Commercial Litigation and Dispute Resolution Department, specialising in corporate restructuring and insolvency law. She advises companies, shareholders, directors, financial institutions, creditor groups, liquidators, receivers and examiners. She was a member of Council of the Irish Society of Insolvency Practitioners from 2011 to 2014. She lectures on insolvency law and directors duties at the Law Society of Ireland.

Board meetings attended 2013: 9 out of 9

Denis Byrne
Denis was appointed to the Board of Coillte in 2010. Denis was an Assistant Secretary General in the Department of Agriculture, Fisheries and Food with responsibility for forestry until his retirement in December 2009. He is a member of the Audit and Risk Committee.

Board Meetings attended 2013: 12 out of 15

Seamus Murray
Seamus Murray was appointed to the Board in 2009. He is a farmer and was a member of Meath County Council from 1992 to 2009, during which period he served as Chairman of the Council and was a member of County Meath Vocational Education Committee. He was also a member of Irish Delegation of the European Union’s Committee of the Regions since its inauguration in 1994.

Board Meetings attended 2013: 13 out of 15

Board Meetings 2013 – Attendance by retired Directors

Brendan McKenna	14 out of 14
Frank Toal	14 out of 15
Alma Kelly	14 out of 15

Directors’ Expenses
The aggregate expenses paid to Directors in 2013 were €13,013 (2012: €12,994). These mainly relate to travel expenses.

Group Executive Team

Gerry Britchfield
Acting Chief Executive

Gerry was appointed Acting Chief Executive in March 2013. He was Managing Director of Coillte Panel Products since 2007. He has worked with Coillte since 1992 in a variety of senior management roles, including Managing Director of Coillte Enterprise. Gerry is a Chartered Accountant by profession and also holds a Bachelor of Commerce (B.Comm.) from University College Dublin and an MBA from Dublin City University. Prior to joining Coillte, he held finance-related positions in the accountancy, IT and manufacturing sectors.

Gerry Egan
Group Director, Strategy and Corporate Affairs

Gerry is the Group Director of Strategy and Corporate Affairs and Company Secretary. He has held a number of roles during his time with the company including Head of Public Affairs, Head of Customer Service and Communications Manager. His current responsibilities include strategy development, the Group's transformation and innovation programmes, ICT, legal services and corporate communications. Gerry holds a M.Sc. (Management) Trinity College / IMI.

Ivan Schuster
Chief Financial Officer

Ivan joined Coillte in 1989 and has held the current role as Chief Financial Officer since 2006. Other roles in Coillte have included Managing Director Coillte Enterprise, Chairman Garvagh Glebe Power Limited and Director of Moylurg Rockingham Ltd. Ivan is a Chartered Accountant and holds a B.A. Economics from University College Dublin.

Eamonn McGee
Group Director, Human Resources

Eamonn has held the role of Group Director Human Resources since 2007. Prior to this, he held a variety of HR and Industrial Relations roles in Coillte. Before joining Coillte on its establishment in 1989, Eamonn was a civil servant attached to the Forest Service for 15 years, undertaking a range of administrative and management roles. Eamonn is a Chartered Fellow of CIPD and has a certificate in Timber Technology (Institute of Wood Science/TRADA).



Gerard Murphy
Managing Director, Coillte Forest

Gerard has worked in a variety of positions in forestry including – research, inventory, sales and marketing, harvesting and overseas consulting, before taking on his current role as Managing Director of Coillte Forest. He is responsible for the performance of the Group's forestry businesses which have a turnover of approximately €100m. The provision of social and environmental values from the estate is also a key responsibility. Gerard has a B.Ag.Sci. (Forestry) and an MBA from University College Dublin as well as a Grad Dip. in Science from Australia National University.

Neil Foot
Acting Managing Director, Coillte Panel Products

Neil has 25 years experience of the wood panel industry in a variety of senior management roles including procurement, logistics, sales and marketing and operations, first with Willamette and then Louisiana-Pacific, which was taken over in Ireland by Coillte in 2002. Most recently he has held the positions of Chief Operating Officer, CPP and Managing Director, SmartPly. Neil holds a degree in Forestry, a Diploma in Accounting and Finance and is APICS qualified.

Mark Foley
Managing Director, Coillte Enterprise

Mark joined Coillte in 2008 as Managing Director of Coillte Enterprise. Mark is responsible for the identification and delivery of new business opportunities through the deployment of the Group's broad asset base within the areas of land development, renewable energy and telecommunications infrastructure. Prior to joining Coillte, Mark Foley was Director of Capital Programmes with Dublin Airport Authority (DAA) and was responsible for the permitting, procurement and delivery of over €1billion of new infrastructure projects over an 8 year period at Dublin, Cork and Shannon Airports. Mark holds a B.E. in Chemical Engineering and a M.I.E. (Masters in Industrial Engineering) from University College Dublin.


VOLVO
VOLVO

Chief Executive's Review

Coillte is Ireland's largest natural resources company and we are committed to the innovative and sustainable management of those natural resources – land and forests. We manage our forest estate responsibly, supplying logs to customers to produce a range of timber products, the majority of which are exported. We manufacture next generation wood panels for use in low carbon energy efficient buildings. We utilise our land and forest assets to deliver renewable energy solutions. We do all of this while providing extensive recreation facilities, protecting valuable species and habitats and sustaining local communities by providing employment and supporting tourism.

I am pleased to report a strong economic performance in 2013 – we generated a profit after tax of €25.8m, which represents a 69% increase over the 2012 outturn of €15.3m. This was against the backdrop of a "year of two halves" with the first half proving to be challenging in all our markets. We began to see a significant improvement in the second half of 2013 and this has continued in early 2014.

In 2013, we invested €41m in our businesses – enhancing and maintaining the forest estate, investing in our wood panels operations and providing world class recreation and nature conservation services to our stakeholders.

So what did we deliver for our shareholder, our customers and for society in 2013?

Delivered on our log supply commitments

In 2013, we supplied 2.4m^3 of logs to a highly efficient, export-oriented wood processing sector comprising sawmills and our own panel mills.

The forest products sector in Ireland supports around 12,000 jobs in mostly rural locations and our log supply is the lifeblood of that industry.

Our forests are certified as sustainably managed by the Forest Stewardship Council® (FSC®) and have been for over 10 years. I'm pleased that we are now well on the way to achieving dual certification for our forests, with Programme for the Endorsement of Forest Certification (PEFC) achieved by two of our business area units in the last quarter of 2013 with the remainder to follow in the first half of 2014.

Exported innovative and sustainable wood panel products

In 2013, we produced and sold in excess of 650k m^3 of sustainable wood panel products from our two panel mills, SmartPly and Medite, which between them support c. 800 direct and indirect jobs. Over 90% of the wood panels sold were exported to more than 32 countries across the globe via our sales teams based in the UK and the Netherlands.

In July, I was personally very proud to be involved in what was a showcase for Coillte and Ireland, organized by our Panel Products business, when we hosted the European Panels Federation AGM in Dublin. The event was a great success in terms of building Coillte's reputation amongst our peers across Europe and was one of the ways in which Coillte made a contribution to The Gathering initiative to attract additional visitors to Ireland in 2013.

At the end of November, the Minister for Agriculture, Food and the Marine, Simon Coveney TD, granted the consent we sought to proceed with a €59m investment in SmartPly. This is very good news as the renewal of SmartPly is a major element of our new strategy – the investment will underpin a strong long-term outlet for pulpwood for Coillte Forest, allowing us to optimise the value of our forest estate, and it is a key enabler of the move by our Panel Products business to an innovation-led, value-added business model.

I am particularly pleased with this decision as it represents a major vote of confidence by our shareholder in the forest products sector in Ireland and in the future of the SmartPly business. We expect to be in a position to commence implementation in Q2 2014.

Supported achievement of national renewable energy targets

Coillte is at the heart of Ireland's drive to ensure that, by 2020, 40% of electricity generation will be from renewable sources.

We have a pipeline of over 500 MW of projects with grid offers across Ireland, which has been successfully developed over the past five years. We have been successful by taking a considered and measured approach to wind projects and by leveraging our strong track record with local communities – and we need to carefully nurture and protect those relationships into the future.

We have established real credibility in this sector with the key stakeholders and with the industry. Last October, Coillte was a keynote speaker at the Irish Wind Energy Association conference and, in 2013, we have also provided thought leadership in areas such as a biomass Renewable Heat Incentive (RHI).

Supported the delivery of infrastructure for growth

Coillte is also actively supporting the provision of infrastructure to enable growth and economic recovery.

In 2013, our property business sold land to Grants to enable them to build a Tullamore Dew distillery in County Offaly.

We are also connecting rural communities through the 400 mast locations on the Coillte estate, over 100 of which host masts built by Coillte specifically to enable roll out of rural broadband.

We are continually looking for new and innovative ways of adding value to the land we manage. In 2013, we launched a partnership with film and TV location specialists O'Carroll Mulhern Services (OCMS) to market Coillte properties for film, television and event business. Apart from the revenue benefits, I believe that this initiative is very positive for Coillte's reputation as an organisation that can assist in encouraging inward investment to an important Irish industry. Tourism into the country also benefits from Ireland appearing in movies and TV series, with Fáilte Ireland estimating that 20% of tourists visit Ireland as a direct result of seeing images of the country on screen. This 'film induced tourism' is estimated to be worth €350m per annum to the Irish economy.

Delivered recreation and bio-diversity benefits for Ireland

But Coillte is not just supporting economic recovery and delivering financial returns. We are Ireland's leading supplier of outdoor recreation facilities, with 18 million visits annually to our 150 recreation sites across the country. The public goods value of the forest recreation we provide is estimated to be c. €100m per annum.

We are actively supporting the provision of new tourism offerings for Ireland which will sustain and grow jobs in local communities. For example, last May, An Taoiseach and Minister Deenihan launched Ireland's first wilderness project, Wild Nephin in Mayo, which we are developing in co-operation with National Parks and Wildlife Service and Mayo County Council.

We continue to invest heavily in enhancing the bio-diversity of our lands – 20% of our estate is managed primarily for biodiversity and nature conservation. Independent research has valued our public goods contribution to nature, landscape protection and cultural heritage alone to be over €500m per annum*.

I was proud last June to receive external validation for our performance in this area when we overcame tough competition from other exemplars of best business practice across Europe to win the Millicom European Business Award for Environmental and Corporate Sustainability, at a ceremony in Istanbul, Turkey. We are particularly honoured to be recognised in this category as environmental and corporate sustainability is at the heart of what Coillte is and what we do.

Coillte has never been more relevant

Coillte is much more than just a business. Right now, through the work that our people deliver day by day, we have a very positive impact on society. By continuing to be true to our corporate values, we can build on our impact for good over the coming five years.

We have been granted stewardship over two fantastic resources – 7% of the land area of Ireland and a wood fibre basket capable of generating 2.4m m^3 per annum on a sustainable basis.

Our aim is to manage these two resources in a responsible way so as to increase both their economic value and the environmental and societal benefits that they provide.

In 2013, we crafted a new five year strategy for our business. Successful delivery of our strategy to 2018 will very substantially increase the value of Coillte and will put us in a position to pay a significant dividend to our shareholder on an ongoing basis.

We will deliver our strategy through businesses where we already have a strong competitive position – we will focus primarily on improving operational performance and adopting new market positions in businesses and geographies we already know well.

The macro economic backdrop to our strategy is that we anticipate a return to sustainable economic growth in our key markets of Ireland, UK and Europe. In addition, we expect a continued, and indeed increased, emphasis on sustainable products and services to prevail, with an increased level of legislation and regulation in this area. Consumers will continue to become more knowledgeable and discerning fuelled by advances in social networking, e-commerce and mobile technology.

The Coillte Group strategy can be summarised as follows:

- We will operate primarily as a business to business company engaged in forestry, wood-based panels, renewable energy and land, with our core markets being Ireland, UK and Europe.
- Our key differentiators now and into the future will be our environmental and sustainability credentials, innovation capability, scale of land assets and strong market share in key markets.
- We will enhance value by reducing our cost base, operational excellence in forestry, enhancing margins in panels, generating recurring income from wind generation and the effective management of capital.
- In delivering our strategy we will engage in joint venture activities with selected partners, embrace flexible resourcing opportunities and outsource elements of the business where appropriate.

The Group strategy represents an ambitious growth plan for the company, building on the strong platform developed over the past five years. It is crafted in the context of a strong belief in the growing relevance of Coillte as a company that has environmental and sustainability credentials and the capability to generate "Sustainable Value from Sustainable Living".

Thanks

I would like to thank our Board, who have provided us with the right mix of challenge and support in 2013 to enable us to deliver on our potential.

I would like to thank our Shareholders and their officials and advisors in NewERA who have supported and worked with us during 2013 to address a variety of issues and challenges.

I would like to thank our customers and suppliers whose continued strong support is the lifeblood of our business.

And finally, I would like to thank our people, who have displayed fantastic commitment and energy throughout 2013 in expertly navigating through a challenging period and who have created a strong platform for our future growth through their dedication and skill over the longer term.

Outlook

The Group is forecasting a significantly improved trading environment across all business areas in 2014. Anticipated GDP growth and increased consumer confidence in our core markets is reflected in increased demand for our products that commenced in Q3 of 2013 and that we anticipate will persist throughout 2014.

Our ambition is to deliver a strong profit performance for our shareholders in 2014, along with substantial social and environmental dividends to all our stakeholders.

Our Group strategy sets out a clear and exciting roadmap for the next five years. With a strong Board to guide us under our new Chairman, I am confident that Coillte will rise to the challenges ahead and deliver a very bright future indeed. Coillte has never been more relevant and we will continue to play a vital role in delivering economic, social and environmental benefits to the people of Ireland.

Gerry Britchfield
Acting Chief Executive


European
Business
Awards
Winner
2012/13
2012/13
European
Business
Awards
WINNER

02

Coillte Divisions

Coillte was established with a commercial mandate and our primary objective is maximising the return to our shareholders. Coillte has three operating divisions – Coillte Forest, Coillte Panel Products and Coillte Enterprise. Through these divisions we work to achieve balance between economic, social and environmental objectives, as well as supporting the attainment of key Government policy objectives.

Coillte Forest

Coillte Forest manages all aspects of the Group's forestry business including the establishment, management and protection of forests. We deliver a range of wood fibre products from our forests and public goods such as nature conservation, landscape management and recreation, to a wide range of stakeholders.

We manage our forests according to Responsible Forest Management (RFM) principles to ensure a balance between the economic, social and environmental impacts of our business. Our forest management approach has been independently certified by the Forest Stewardship Council (FSC) since 2001 and in 2013 two of our Business Area Units were audited to the Programme for Endorsement of Forestry Certification or PEFC standard. We expect to formally secure this endorsement in 2014. PEFC is the world's largest forest certification system. To date, more than 15,000 companies have obtained PEFC Chain of Custody certification.

2013 Performance

Coillte Forest had a good business performance in 2013 with our contribution to the Group up by over €600,000 on 2012 results. This financial performance was driven primarily by an increase in timber revenue. While margins per m^3 on timber sales were similar to 2012 levels, timber revenue growth was driven by a 3% increase in volume sales to 2.37 million m^3. This volume growth was driven by demand in the panel and energy markets. The growth in timber revenue was offset by a drop in non-timber income of over €2 million.

Coillte Forest is part of an industry that is focussed on serving export markets. Our customers serve a portfolio of European and international markets and we continue to work in partnership with them in seeking out new markets and increasing the portfolio of products and services we offer. As part of this strategy, we attended the Timber Expo trade show in Birmingham in September 2013 on a joint stand with three of our sawmill customers – Glennon Brothers, GP Wood and Murray Timber Group – to showcase Irish timber and forest products.

In mid-2013, as part of the renewal of our Group Strategy, Coillte Forest finalised its divisional strategy for the next five years. Coillte Forest's ambition is to become a recognised leader in the management and provision of wood and public goods in Europe. It will do this by supporting its people with best in class processes and technology. The strategy focuses on developing and optimising the value of our own forest asset of nearly 443,000 hectares in a way that generates strong cash flow while at the same time building future growth opportunities in the private roundwood market and in the monetisation of public goods such as nature conservation, landscape and recreation.

Delivering Public Goods – Many benefits to many people

Coillte's estate delivers many public goods that are valued and enjoyed by society but are outside normal market mechanisms. These include nature conservation and biodiversity enhancement, recreation services, protection of cultural heritage and important landscapes and protection of water quality.

There were some significant milestones in 2013:

The Dublin Mountain Partnership

The Dublin Mountains Partnership (DMP) continued to deliver important recreation and access to the countryside for the people of greater Dublin. In 2013, a new three year agreement was signed that secures funding for the DMP to the end of 2016.

Wild Nephin Wilderness Area

Early in 2013, Coillte and The National Parks and Wildlife Service (NPWS) signed a Memorandum of

Understanding setting aside 4,600 ha of forest, bog and lakes as Coillte's contribution to the larger 11,000 ha of Ireland's first wilderness area in the Nephin Beg Mountain Range of Co Mayo. The project is seen as a major step forward in wilderness designation for the EU. In May 2013 Coillte, NPWS and Mayo County Council hosted a conference titled "Wilderness in a Modified Landscape" which attracted over 100 experts from across Europe and the US.

Nature conservation and Biodiversity

Nature conservation and biodiversity enhancement is a central part of the suite of public goods delivered by Coillte. The results of Bioblitz 2013 validated the biodiversity value inherent in our forests. Lough Key Forest Park recorded 959 different species just behind the overall Bioblitz winner, Colebroke Estate in County Fermanagh. Lough Key had the most species per hectare of the four sites.

In addition Coillte continued to restore important raised bog habitat through the Life 09 programme in partnership with the National Parks and Wildlife Service.

Development of the Cavan Burren Park

The development of the new Cavan Burren Park in Blacklion, County Cavan highlights the public good value of our forest lands in protecting cultural heritage and protect important landscapes. The €900,000 project in partnership with Cavan County Council will deliver an important tourism and education facility to north west Cavan, while protecting important national monuments and a landscape dotted with unique geological features. Work began on developing the park in Summer 2013 and is scheduled for completion in Spring 2014.

Delivering recreation across the country

The demand on Coillte to provide recreation continues to grow. In 2013 we continued to offer a broad range of recreation services across our 11 forest parks, over 150 recreation sites and 2000 km of trails. This work was supported in part by funding from the Department of Environment (Rural Recreation Division).

Best in class forest management

Investment in people and systems is a key part of our ambition to become a recognised leader in the management of forests for wood and public goods.

Together with our current FSC certification and move towards full PEFC in 2014, Coillte Forest in partnership with Coillte Enterprise launched an Environmental Management System or EMS for our forest and lands in 2013. The EMS also passed stage one of the ISO 14001 accreditation process. The EMS is a structured framework for managing Coillte's environmental risks and ensuring compliance with all its environmental obligations in the most efficient and effective way possible.

During 2013 Coillte Forest appointed Asset Forestry Logistics Ltd, the New Zealand based specialist forestry logistics company, as preferred supplier for our new central dispatch management service. Currently the in-cab technology is installed for all Coillte consigned haulage companies and, with Asset Forestry Logistics now managing our central dispatch, Coillte will be in a position to responsively control our wood supply operations and thereby lower the cost of serving our customers.

The Division has also invested in a new field data capture system with over 50 units operational in the field. The objective is to develop streamlined field data capture of our operations, facilitating timely and accurate management information.

Recognising the need to build and develop skill capabilities for the future, we launched an exciting new Graduate Development Programme in Autumn 2013. We intend to continue this programme into 2014.

Protection of our Forests

Two disease threats to our forests, Phytophthora ramorum and Chlara fraxinea have become significant in recent years. We are working actively with the Forest Service of the Department of Agriculture to prevent the spread of these diseases. As part of a National Sanitation Action Plan to control the spread of the Phytophthora disease we are continuing to fell larch forests affected by the disease. Although we had one recorded incident of the Chlara fraxinea on our estate, we took the necessary phytosanitary steps to clear six suspected sites totaling nine hectares. Good fire protection and management systems meant that we had limited fire damage to our estate in 2013 with 215 hectares damaged, well below the long term average.

Outlook 2014

The outlook for 2014 shows a strengthening of homegrown sawnwood prices in the UK early in the year, with modest improvements in the Irish market.

The UK forecast is based on an expectation of improved macroeconomic conditions, increased construction activity and greater demand for construction sawnwood.

Recent increases in sawnwood prices in Ireland are indicative of improvements that we expect to see in 2014. House completions in 2013 were 8,300; however with house starts picking up, it is expected that 2013 will mark the low point of house completions.

The recent storm in February 2014 affected the southern parts of our forest estate. We are continuing to evaluate the extent of the damage but believe that 4,500 to 5,500 hectares of Coillte's forests were damaged. We estimate that the volume of timber damaged equates to 30 – 50% of our average annual harvest. This will have an impact on our production programme but we expect to maintain our sales plan for 2014.

Outdoor recreation is now seen as a key part of the product offering to tourists in Ireland and the very real benefits that our forests deliver in terms of health and wellbeing are being recognised. We will continue to offer world class recreation services and facilities in addition to the other public goods we provide. However, given the nature of many these services, the challenge is to ensure that we can continue to secure funding in an increasingly difficult environment, and put policy objectives and mechanisms in place so we can unlock the potential to deliver further on the services that are inherent in our forests and the broader landscapes.

Coillte delivers public goods worth €500m every year*

Public goods with value of over €500m per annum* are being delivered by Coillte's forests, according to independent research. Coillte and the Heritage Council commissioned research on the value of three public goods – nature and biodiversity, landscape and cultural heritage. The research found that these three have a cumulative value of over €500m per annum*. Earlier work looking at forest recreation said that it makes a public goods contribution of €97m per annum.

Public goods are services that cannot be traded but are enjoyed by many people. A classic example is the lighthouse service which helps protect all who use the seas around our coasts but for which you cannot charge people directly. Examples provided by Coillte include contributing to national biodiversity, providing extensive recreation opportunities and improved water quality.

* Source VALUATION OF THE PUBLIC GOODS – LANDSCAPE, HABITATS AND SPECIES, AND CULTURAL HERITAGE – PROVIDED BY THE COILLTE ESTATE, OCTOBER 2011, Goodbody Economic Consultants

Coillte Panel Products

Coillte Panel Products manufactures innovative and sustainable Oriented Strand Board (OSB), under the SmartPly brand, and Medium Density Fibreboard (MDF), under the Medite brand and is a significant player in the European panel products' sector. The business has sales and marketing teams based in the UK, Holland and Ireland.

Coillte Panel Products is the largest user of small diameter wood fibre in Ireland, consuming in excess of one million tonnes of pulpwood and sawmill residues each year and is an integral component of the export oriented Irish forest products' sector.

2013 Performance

In 2013, we delivered a strong financial turnaround, particularly in the second half of the year. Overall sales revenues increased by 8% due to increased volume and prices. Revenues from new products increased significantly to €14m – up from €10m in 2012.

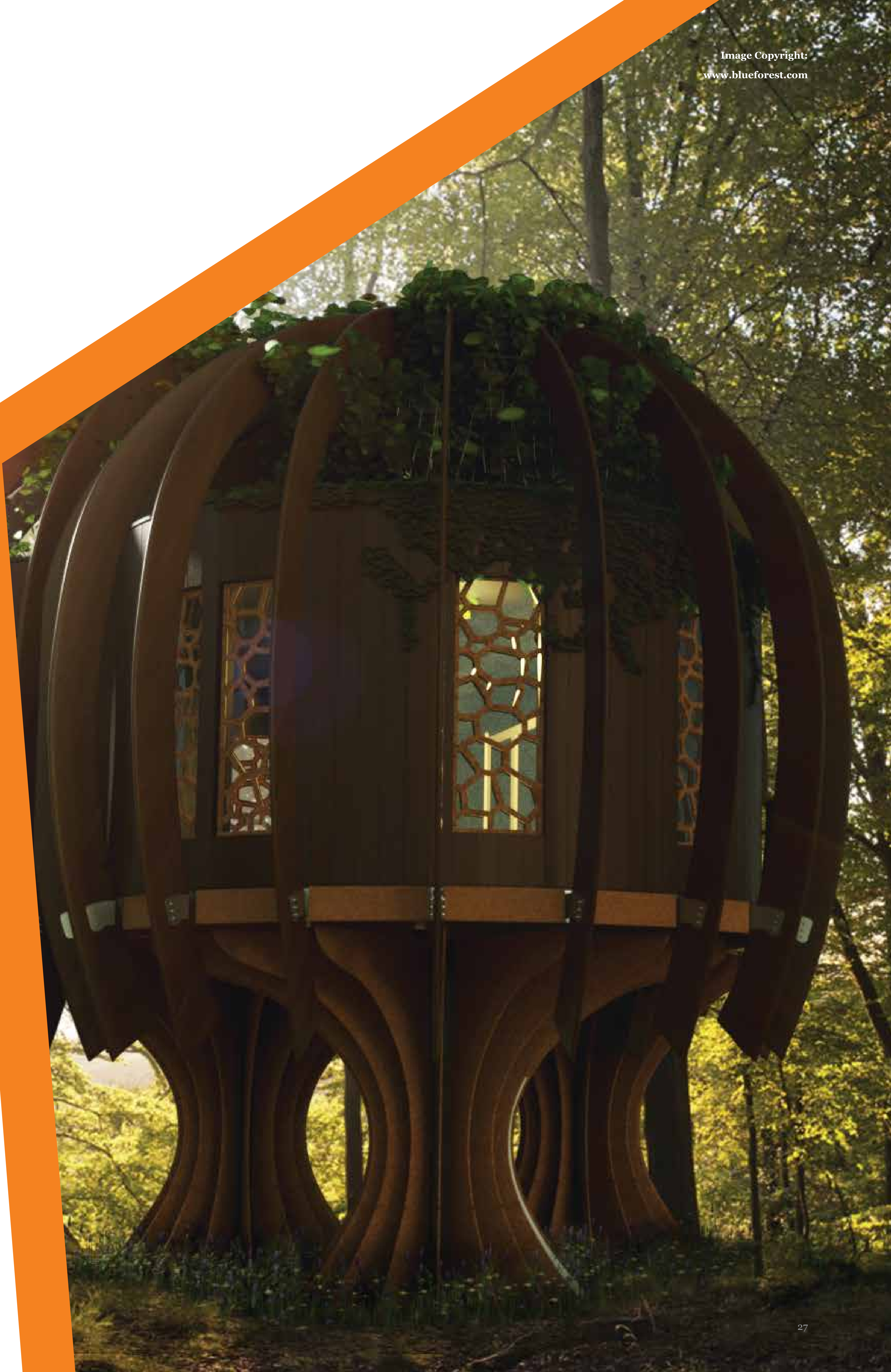
2013 also saw our proposal for investment in our SmartPly production plant in Belview, Waterford Port, receive shareholder consent. This was a significant step in the redevelopment of our OSB mill and will see us investing €59m in upgrading and extending the panel mill to ensure we can deliver the products and specifications that our customers want now while enabling us develop more added value OSB products in the future.

In 2013, in response to customer demand, two new products were launched for Fire Retardant and Offsite Construction applications. These have been well received by the market and represent the latest successful output from our exciting innovation pipeline. We also continued our evaluation and development of a "next generation" exterior MDF product, Medite Tricoya, and a significant milestone was achieved with the signing of a Joint Development Agreement with Tricoya Technologies.

We continued to promote our brands and products in innovative and creative ways and this was recognised in 2013 with three significant award wins. Two of these awards were at the Ecobuild Trade show in London in March where our exhibition stand won the UK Green Building Council's "Sustainable Stand Award". We also won the Sustain magazine award for "Product of the Year" for our innovative waterproof MDF Medite Tricoya. At the Timber Expo event in the autumn our exhibition stand won again when it was judged to be the UK's Timber Research and Development Association's (TRADA) "Best Custom-built Stand". Judges liked that it demonstrated the supply chain for Coillte Panel Products' Medite MDF and SmartPly OSB, from Coillte's forests through to the finished product.

In 2013, we developed new market opportunities in the US and Russia for OSB and in Belgium for MDF while establishing our new Medite Trade product in our core UK and Irish markets over the course of the year. New customers were secured and record MDF volumes achieved in the UK on foot of a concerted team effort in that market. Price increases were also achieved in UK while maintaining market share. Responding to a short-term market opportunity in the first half of 2013, we shipped OSB to the US market for the first time in over five years. The OSB was distributed mainly to the construction sector on the east coast and some to distributors for DIY and house repairs.

We maintained a strong focus on production costs in our two operations and a number of innovative resin optimization initiatives delivered significant cost savings in both Medite and SmartPly. Resin costs make up a significant proportion of our cost of production for both MDF and OSB.



Looking to the future, the main themes of the Coillte Panel Products strategy, which was developed in 2013 as part of the work on the overall Group Strategy, are to:

- Reposition CPP to become a more focused differentiator through strengthening marketing depth and reach, increasing innovation delivery and investing in enabling technology.
- Pursue diversification opportunities in related products and markets.
- Increase revenues from added-value products in targeted market segments and applications.
- Enhance competitiveness through selective process improvements.

Outlook

In the second half of 2013, growing confidence in the economic recovery in the UK market led to increased demand for both SmartPly OSB and Medite MDF. Prices also improved in the UK market and stabilised in EU markets.

The macroeconomic environment for CPP is forecast to improve in 2014, with growth in GDP and construction output up significantly in our core UK market, although it is likely to remain modest or even flat across other European markets.

European wood panels industry hosted in Dublin by Coillte

Coillte hosted the European Panel Federation 2013 Annual General Meeting in Dublin in July 2013. The three day event brought together experts, manufacturers and representatives from across the European wood panel products industry. The sector has an annual turnover of about €22billion every year and directly employs over 100,000 in the EU member states. Among the highlights of the visit was the gala dinner, held in the Jameson Distillery, Dublin which was attended by Minister of State with Responsibility for Forestry Tom Hayes, TD, who addressed the 150 delegates.

Coillte is a leading player in the wood panels sector in Europe exporting over 90% of its production from its panel mills in Clonmel and Waterford Port.

This AGM was hosted as part of Coillte's contribution to The Gathering, the tourism initiative to encourage people to visit the country during 2013.

Coillte Enterprise

Coillte Enterprise is the venturing arm of the Coillte Group, which seeks to identify new business opportunities and to extract value from the Group's broad asset base. It comprises the Group's interests in Renewable Energy – Wind and Biomass, Telecommunications Masts and Land Sales and Development.

In 2013 significant progress was made across all of our businesses as the Irish economy returned to economic growth and property prices showed clear evidence of having stabilised with modest growth in some areas. The energy sector received a significant boost in the form of an extension to REFIT-2, which clears the way for major investment in renewable energy over the next three to four years which will benefit the industry, the Irish economy and consumers alike. We also launched an innovative and exciting new approach to promoting our estate as a location for filming and events.

Wind

Coillte is a major player in the wind energy sector in Ireland, with a portfolio of nine "Gate 3" development projects in seven counties with the potential to generate over 500 MW of renewable electricity. Coillte is also the largest supplier of high quality sites to the sector and has made a significant contribution to the 20% of Ireland's electricity which is now generated from renewable sources.

In 2013, we continued to add value to our portfolio of "Gate 3" projects, lodging planning applications in Laois, Tipperary and Mayo respectively. We also secured planning consent for a project in Cork. Our consented projects in Wicklow, Roscommon and Galway progressed well in anticipation of securing funding and commencing construction in late 2014 / early 2015.

In 2013, we continued our support of other developers through the provision of land solutions, rights of way and way leaves for windfarm projects and grid related infrastructure. We will play a pivotal role over the remainder of this decade, through our support for third party projects, thus helping Ireland achieve its 2020 targets in respect of renewable energy sources in the electricity sector (RES-E).

We believe that there is a compelling case for responsible and highly informed advocacy in the renewables sector, such is the level of concern which has emerged from communities who reside in the environs of proposed windfarm developments. Coillte is committed to open and transparent presentation of all facts and the best scientific data relating to its developments. We believe that early engagement with communities is essential, and we believe that communities have a right to be heard and that an appropriate form of community benefit should be an integral part of all development projects.

In 2013, we continued to build key strategic relationships with a range of private and semi-state companies who are at the forefront of a potential renewables export project to the United Kingdom.

Telecommunications masts

Coillte has a portfolio of 429 telecoms towers on its land, of which 116 are Coillte owned structures, mainly newly built by Coillte to support Three Ireland's requirement to deliver the National Broadband Scheme (NBS). Coillte's tower portfolio is mostly located in rural areas and is thus a vital component of Ireland's ambition to ensure that rural Ireland is not disadvantaged in securing high performance broadband connectivity.

Over 80% of Coillte Telecom's revenue is generated from the mobile market. The demand for data has increased exponentially over the last few years and shows no sign of slowing. In this context, the rollout of 4G is one of the biggest market and technology issues facing the four major telecommunications operators in Ireland. The rollout of 4G may have been impacted by uncertainty arising from a number of acquisitions that are subject to review by the Competition Authorities in Ireland and the EU.

Notwithstanding the uncertainty in the market, Coillte continues to position itself to be a key supplier of infrastructure solutions to the operators and in this regard we had a number of notable achievements in 2013 including:

- Securing planning consent for a fibre optic enabled 60m tower on Three Rock Mountain in the Dublin Mountains which will significantly enhance Coillte's product offering in the most strategic location in Ireland for telecommunications. Contracts for the construction of the tower have been signed and the tower will be operational in the second half of 2014. This project will also enable the decommissioning of three old generation towers on Three Rock, as operators consolidate onto Coillte's new facility.
- We provided fibre optic infrastructure to our telecoms tower in Castlerea, County Roscommon. We reached an agreement with a major operator for the provision of fibre connectivity services to the market on this tower. We expect to go live on this tower in the first half of 2014.
- We developed a smartphone app to enhance customer accessibility to all tower locations sites on Coillte lands.
- We continued to strengthen our relationship with our key customers with an emphasis on responsiveness, willingness to provide solutions, speed of execution of agreed solutions and ease of doing business.

Land

Coillte is Ireland's largest land owner and we manage our estate in a strategic way, primarily for forestry but also to avail of other opportunities that add value through the sale of non-strategic lands into the agricultural, commercial, industrial, infrastructure, leisure and residential sectors.

Despite the challenging environment in 2013 we delivered 49 individual property sales, marginally up from 2012, reflecting our view that the market has bottomed out and that the prognosis for growth is positive in some sectors.

The agricultural sector is experiencing strong growth, underpinned by Ireland's export ambition in the food sector, resulting in strong pricing and demand for land.

The commercial and industrial sectors are characterised by a small number of large scale transactions. Our signature transaction in 2013 related to the sale of lands, in collaboration with Offaly County Council, to William Grants and Sons Ltd., for the construction of a state of the art distillery for their Tullamore Dew product. This facility will commence production in 2014.

As regards the residential sector, the number of residential units completed in 2013 declined marginally from 8,488 units to 8,301 units which is down 91% from the peak, and is substantially below the sustainable numbers required according to the ESRI. The ESRI estimates that between 10,000 and 12,000 new houses will be needed in the years between now and 2015 and thereafter the need will double to between 20,000 and 25,000 homes if the housing needs associated with ongoing demographic change are to be facilitated.

We continue to support activity in the leisure sector, with a particular emphasis on local solutions to the voluntary sector such as sporting facilities across all codes.

Biomass

Coillte a marketing leader in the provision of renewable heat solutions to the industrial heat sector and is playing the leading role in advocacy for the achievement of Ireland's ambition in respect of our renewable heat targets (RES-H).

In 2013, we added Boyd Bedding to our portfolio of customers in the renewable heat sector. We also launched a detailed study on the impact of a renewable heat incentive in the Irish market, clearly setting out the range of benefits arising from such an initiative including: the cost savings arising from such a scheme, the employment potential, the reduction in fossil fuels, the improvement in Ireland's balance of payments, the potential contribution towards Ireland's RES-H targets and the benefit in terms of reducing the level of CO_2 emissions from Irish industry.

Outlook

The outlook is positive from a number of perspectives. Firstly, the forecast for national economic growth is positive, and there appears to a consensus that property prices have stabilised, with some sectors being poised for modest growth.

Secondly, the energy market is gearing up to deliver on Ireland's RES-E 2020 target, on the back of certainty over REFIT-2, and this will stimulate a build programme of 200-300MW of windfarm projects annually over the next four years.

Thirdly, all the indications are that market certainty will be established in telecoms in 2014, and that the operators will move quickly to roll out 4G technology. This will stimulate significant new investment across all elements of the infrastructure market.

Lights, camera, action in a Coillte forest near you

In October 2013, Coillte announced that it had signed an agreement with film and TV location specialists O'Carroll Mulhern Services (OCMS) to market Coillte properties for film, television and event business. Coillte, whose estate includes 11 forest parks and over 150 recreation sites, already captures revenue from the licensing of sites as filming locations, but it is expected that this new business initiative will substantially increase those revenues. The film and television industry is worth approximately €550m annually in Ireland and supports about 6,500 full time jobs in the audio visual production sector. Furthermore, Fáilte Ireland estimates that 20% of tourists visit Ireland as a direct result of seeing images of the country on screen and such 'film induced tourism' is estimated to be worth €350m per annum to the Irish economy.

OCMS specialise in the creation of revenue streams through the promotion and leasing of site locations to the film, TV and event business. As part of the deal they have created an online catalogue www.coillteonfilm.ie which includes approximately fifty potential film and TV locations across the Coillte estate.

03

Financial Review & Statements

Financial Review

Results

2013 was a year of two halves, the first half was extremely challenging with the UK market exiting slowly from recession however, there was a significant improvement in the second half of the year. Group turnover increased by €13.6m (5%) during 2013 to €275.7m. In overall terms, the volume of logs sold to Irish sawmills increased by 3% year on year while sales of panel products increased by 5%. The increased demand for logs reflected increased demand for sawn timber in the UK market whereas the increase in the demand for panel boards occurred mainly in Ireland and continental Europe. Average log prices remained flat in 2013, lower prices achieved in H1 contrasting sharply with a rapid increase in prices in the final quarter. The average price of panel boards increased by 3% during 2013 despite a 5% deterioration in the foreign exchange rate. Export sales accounted for 59% of Group turnover and 64% of this figure was sold into the UK market.

Operating unit costs, including harvesting, haulage and panel production costs, remained flat year-on-year, despite some volatility in fibre and resin costs during the year. Operating profit before exceptional items increased from €35.0m in 2012 to €41.3m in 2013. The increased contribution reflects increased sales volumes and panel board prices. Profit after tax increased from €15.3m in 2012 to €25.8m in 2013. The results include an exceptional charge of €0.9m compared with an equivalent charge of €6.0m in the previous year. Further details are provided in Note 5 to the accounts.

EBITDA for the group increased from €52.6m to €59.1m, an increase of 12%. A reconciliation of EBITDA is included in Table 2 below.

Interest (including related bank costs) and financing charges for the year were €11.7m, a reduction of €0.8m on 2012. Interest charges on overdraft and loan facilities were €8.9m (2012: €8.3m) while the net finance charge relating to the FRS17 pension fund liabilities was €2.8m (2012: €4.3m). The underlying EBIT interest cover for the year was 4.5 times.

The Group tax charge for 2013 was €2.9m (2012: €1.1m).

Outlook

In their latest Economic Forecast (Nov 2013), the OECD is predicting growth in Irish GDP of 1.9% and 2.2% for 2014 and 2015 respectively. There is evidence of increasing consumer confidence and the Irish economy is showing signs of revival, linked to foreign direct investment and increased private consumption. In the UK, economic data remains positive and prospects for a sustained economic recovery are improving. Much of the increased confidence stems from strong retail sales and measures taken by the government to stimulate the construction sector by providing support for house buyers. Growth is expected to increase by 2.4% in 2014, and 2.5% in 2015. Economic data also points to an expanding European economy, albeit at a slower pace, as manufacturing and service sectors continue to improve. The projected increases in Eurozone GDP for 2014/2015 of 1% and 1.6% respectively appear modest, they represent a significant improvement on the contraction that has prevailed in recent years.

The Sterling exchange rate remains a key variable for the Group. While a significant proportion of its exposure to Sterling is hedged, any further deterioration in the exchange rate, particularly relative to the Swedish Krona, would have a significant impact on the sawmill sector and will be reflected in lower log prices.

The Group continues to rationalise its cost base, staff numbers were reduced by 47 in 2013 and further progress is expected in 2014. The Group is also forecasting an improved trading environment across all business areas and is budgeting for an improved profit performance in 2014.

Capital Expenditure

The Group continued its capital expenditure programme in 2013 investing €41.2m (2012: €42.7m). A significant proportion of the expenditure was incurred enhancing and maintaining the forest estate (€33.4m).

Net Debt and Gearing

During the year, the Group's net debt increased by €8.8m to €171.3m with headroom on existing undrawn facilities of €96.0m. Gross debt increased by €7.7m while cash balances decreased by €1.1m. A dividend payment to the Shareholder for 2013 of €2.0m was authorised by the Directors in December 2013 and paid in January 2014. Gearing was 13.9% at year end and 80% of the debt portfolio was at fixed interest rates at 31 December. The ratio of net debt to EBITDA was 2.9 times and interest cover was 6.6.

Employee Benefits

Coillte operates a number of defined benefit pension schemes with assets held in separately administered funds. The most recent actuarial valuations (31 December 2011 – Coillte and 1 January 2012 – Medite) indicated that the market value of the scheme's assets was €165.3m, which was €74.4m less than the scheme's liabilities.

A funding proposal (accepted by the Pensions Board) is in place for Coillte Teoranta which has the objective of bringing the Scheme back to full solvency on the Minimum Funding Standard basis by 31 December 2020. As part of this agreed funding proposal Coillte has agreed to transfer €30m non-cash assets to the Scheme of which €7m has already been transferred. Coillte is not in a position to transfer the remaining non-cash assets to the Scheme and the Trustees of the Scheme have initiated legal proceedings against the Company seeking specific performance. An alternative proposal has been put forward by the Company and has been agreed, in principal, with the trustees but is subject to shareholder approval. The proceedings have been adjourned until 22 May 2014.

The Group continues to adopt the full requirements of Financial Reporting Standard 17 (FRS 17) retirement benefits' disclosure. The deficit on the fund at 31 December 2013, based on FRS 17 and calculated using the projected unit method, is €130.5m (2012: €161.4m) and is fully reflected in the Group accounts. The reduction in the deficit reflects strong returns on the schemes assets during the year, a marginal change in the discount rate and a change in the assumptions at which future liabilities are calculated including a reduction in price inflation from 2% to 1.9%.

Financial Risk Management

The Group's treasury operations are managed in accordance with policies approved by the Board. These policies provide principles for overall financial risk management and cover specific areas such as interest rate, liquidity and foreign exchange risk.

The Group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign exchange risk, credit risk, liquidity and interest rate risk. The Group has in place a risk management programme that seeks to manage the financial exposures of the Group by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash outflows and the management of interest rate risk, the Group has a policy of maintaining at least 50% of its debt at a fixed rate. The Group also seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. Financial instruments are used to manage interest rate and financial risk. The Group does not engage in speculative activity and its treasury operating policy is risk averse.

Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Foreign exchange risk

The Group is exposed to foreign exchange risks in the normal course of business, principally on the sale of Sterling. The Group's policy on mitigating the effect of this currency exposure is to hedge Sterling by entering into forward foreign exchange contracts based on expected sales in the UK markets.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition, insurance is also put in place for the larger customers of the Group.

Liquidity risk

The Group actively maintains a mix of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Table 1 – Key Financial Performance Indicators

	2013	2012
Revenue (€'m)	275.7	262.2
EBITDA (€'m)	59.1	52.6
EBIT (€'m)	40.4	28.9
Interest cover, excluding associates		
- EBITDA basis (times)	6.6	6.3
- EBIT basis (times)	4.5	3.5
Net Debt (€'m)	171.3	162.5
Net debt as a percentage of total equity (%)	13.9	13.7
Net debt as a percentage of fixed assets (%)	11.3	10.9
Net debt/EBITDA	2.90	3.09
Effective tax rate (%)	10.3	6.8

EBITDA – earnings before finance costs, tax, depreciation, depletion and intangible asset amortisation, impairment and exceptional costs

EBIT – earnings before finance costs and tax (trading profit)

Interest cover – the ratio of EBITDA or EBIT to net interest charges

Table 2 – EBITDA Reconciliation

	2013	2012
EBIT	40,448	28,935
Adjustments:		
Depreciation	9,378	9,870
Depletion	8,276	7,622
Amortisation of goodwill	118	117
Share of associate (gains) / losses	(81)	50
Exceptional costs	931	6,043
EBITDA	59,070	52,637

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2013.

The Company

The Company was incorporated on 8 December 1988 and commenced trading on 1 January 1989 when it took over the forestry business formerly carried out by the Department of Agriculture, Food and the Marine. The related assets were acquired and liabilities assumed as at 1 January 1989.

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.

Principal activities and review of the business

The principal activities of the Group are forestry and forestry related activities, wood-based panels, renewable energy and land development. The review of the business required by Section 13 of the Companies (Amendment) Act, 1986 is included in the Chairman's Statement, Chief Executive Review, Division Reviews and Financial Review sections of the Annual Report.

Results and dividends

Details of the results of the Group are set out in the profit and loss account and the related notes. Group turnover increased by €14m (5%) to €276m in 2013 as a result of increased demand for panel products in Ireland and across European markets coupled with strong demand for Irish sawnwood in the UK market, particularly in the second half of the year. Operating profit before exceptionals increased from €35m in 2012 to €41m in 2013 with all divisions within the Group improving their performance year on year, particularly CPP. Exceptional items of €0.9m were charged to the Profit and Loss account (see Note 5 to the accounts for further details).

A dividend of €0.00317 per share representing a total of €2m (2012: €2m) was authorised by the Board in December 2013 and paid in January 2014.

Directors

The Directors of the Company were appointed by the Minister for Agriculture, Food and the Marine. The Directors in office during the year ended 31 December 2013 were as follows:

Brendan McKenna (Chairman)
David Gunning (Chief Executive)
John Moloney
Frank Toal
Alma Kelly
Seamus Murray
Denis Byrne
Julie Murphy-O'Connor

Brendan McKenna retired as Chairman on 26 November 2013. John Moloney was appointed to the Board on 9 October 2013 and as Chairman on 13 December 2013. David Gunning retired as Chief Executive and Director on 19 March 2013. Alma Kelly and Frank Toal retired from the Board on 31 December 2013. Julie Murphy-O'Connor was appointed to the Board on 24 June 2013. Since 20 March 2013, Gerard Britchfield, Managing Director, Coillte Panel Products has taken on the duties of the Chief Executive on an acting basis pending a substantive appointment to that position. Gerard Britchfield is not a Director of the Parent Company. The Directors and Secretary have no interests in the shares of the Company, its subsidiaries or associated undertakings.

High Court proceedings have been issued against the company by the legal representatives of the former CEO Mr. David Gunning in respect of a purported breach of contractual terms. The company is contesting the claim.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with Irish law. Irish law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. Under the law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Accounting Standards Board and promulgated by The Institute of Chartered Accountants in Ireland).

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Acts 1963 to 2013 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required to include in the Annual Report a statement on the system of internal control in accordance with the requirements of the Code of Practice for the Governance of State Bodies.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Board of Coillte is committed to the highest standards of corporate governance and is accountable to its shareholders for those standards. The Code of Practice for the Governance of State Bodies, issued by the Department of Finance, sets out the principles of corporate governance that apply to the Company and the Directors support the principles and provisions of the code.

Board of Directors

During the year the Board consisted of a non-executive Chairman, the Chief Executive (retired on 19 March 2013) and six non-executive Directors. The Chairman and non-executive board members are independent of the Chief Executive and senior management. All the Directors are appointed to the Board by the Minister for Agriculture, Food and the Marine for a period not to exceed five years and their terms of office are set out in writing. The level of remuneration for the Board of Directors is also determined by the Minister and remuneration of non-executive Directors is not linked to performance.

The Board meets formally on a monthly basis. It has a schedule of matters specifically reserved to it for decision and is satisfied that the direction and control of the Group is firmly in its hands. The Group's annual budget and rolling five year plan are reviewed and approved by the Board. The Board receives monthly management accounts promptly with detailed comparison of actual to budget. The presentation of management accounts is supported by detailed presentations by senior management to the Board on a regular basis. All significant contracts, major investments and capital expenditure are also subject to review by the Board. Each non-executive Director brings an independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

All members of the Board have access to the Company Secretary and the Company's professional advisors as required. This ensures that Board procedures are followed and that applicable rules and regulations are complied with. Each Director received appropriate briefing on being appointed to the Board.

The Board uses two other main committees to assist in the effective discharge of its responsibilities:

Audit Committee

The Audit Committee in 2013 comprised of Frank Toal (Chairman), Denis Byrne and Alma Kelly. Frank Toal and Alma Kelly retired from the Committee on 31 December 2013. The Audit Committee is composed of non-executive Directors and operates under formal terms of reference. The Committee may review any matters relating to the financial affairs of the Group, in particular, the annual financial statements, the financial controls, the internal audit function, reports of the external and internal auditors and proposed changes to accounting policies. The Chief Executive, Chief Financial Officer, the Chief Internal Auditor and other senior managers are normally invited to attend these meetings as appropriate. The Committee is responsible for the appointment and fees of the external auditors and meets with them to plan and subsequently review the results of the annual audit. The external auditors also meet privately with the Committee. The Chief Internal Auditor reports directly to the Committee and the Committee is responsible for approval of the internal audit plan. The Chief Internal Auditor also meets privately with the Committee.

A framework to formally identify risk and assess the effectiveness of internal controls has been established. Internal auditors monitor the Group's control systems by examining financial reports, by testing the accuracy of the reporting of transactions and by otherwise obtaining assurances that the systems are operating in accordance with the Group's objectives. Management's response to significant risks identified and their reporting procedures are also evaluated.

Remuneration Committee

The Committee implements the performance-related pay system applicable to the Chief Executive and selects the specific performance criteria applicable to this aspect of the Chief Executive's remuneration. It also advises the Board on executive remuneration generally in the Company and provides guidance and advice to the Chief Executive with regard to implementation of Board policy in this area. The Committee operates under formal terms of reference and is ordinarily chaired by the Chairman. Following the retirement of two members of the Committee in 2012, the Board delegated authority to discharge the responsibilities of the Committee to the then Chairman. Coillte's policy in relation to remuneration of the Chief Executive is in accordance with "Guidelines on contracts, remuneration and other conditions of Chief Executives and senior management of Commercial State Bodies" issued in March 2006 by the Department of Finance. An Assistant Secretary from the Department of Agriculture, Food and the Marine ordinarily attends the meetings of the remuneration committee.

Relations with Shareholders

The Chairman, Chief Executive and management maintain an ongoing dialogue with the Company's shareholders on trading performance, future plans and strategic issues. Certain specified matters require the approval of the Minister for Agriculture, Food and the Marine and/or the Minister for Public Expenditure and Reform and ongoing communication with the relevant Minister is maintained directly with their respective departments and through NewERA.

Internal control

The Board has overall responsibility for the Group's system of internal control. Those systems which are maintained by the Group can only provide reasonable and not absolute assurance against material misstatement or loss. The Board confirms that it has reviewed the effectiveness of the system of internal control.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the implementation of suitable internal controls. These risks are assessed on a continuous basis and may arise because of control breakdowns, disruption to IT systems, legal and regulatory issues, market conditions and natural catastrophes. Management also reports to the Board on major changes in the business and external environment which affects risk. Where areas of improvement in the system are identified, the Board considers the recommendations of management and the Audit Committee.

The system of internal control is designed to ensure management carry on the business of the Group in an orderly manner, safeguard its assets and ensure, as far as possible, the accuracy and reliability of its records. The key elements of the system are:

- An organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities.

- A comprehensive system of financial reporting.
- Annual budgets and long term plans for the business that identify key risks and opportunities.
- Monitoring performance against budgets and reporting on it to the Board on a monthly basis.
- A formal code of business conduct applicable to the business and communicated to staff.
- An internal audit function that reviews the system of internal controls on a regular basis.
- An audit committee that reviews the effectiveness of the Group's system of internal financial control on an annual basis.

A risk register has been compiled that identifies the most significant risks facing the Group. In reviewing these risks managers were asked to pay particular attention to:

- The counter measures in place to mitigate the risk.
- The net residual risk having regard to the processes and controls in place.
- Actions required or being taken to further mitigate the risk.

The risks identified were ranked in terms of their impact and likelihood of occurrence and managers have been instructed to ensure these risks are considered in the development of business plans and the performance plans of individual managers. This is an ongoing process and the Group's risk profile and risk management process will continue to be reviewed on a periodic basis.

Books of account

The measures taken by the Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at the Group's head office at Dublin Road, Newtownmountkennedy, Co. Wicklow.

Health and safety

All business units across the Group have developed safety statements which are updated on an ongoing basis in accordance with the provisions of the Safety, Health and Welfare at Work Act 2005. Risk assessment programmes are in place which are reviewed and updated to ensure in so far as is reasonably practicable the safety, health and welfare of those affected by the Group's activities. Safety committees are in place and meet on a regular basis to ensure effective health and safety consultation with employees' representatives and to monitor and improve safety standards and performance across the Group. Safety and skills training programmes are implemented to ensure competence and compliance with legislation, industry best practice and relevant safety guidelines in all business units across the Group.

Research and development

During the year, the Group continued its research and development programme in relation to its forestry activities and in expanding the application of its panel board products.

Prompt payments regulation

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 ('the Regulations').

Procedures have been implemented to identify the dates upon which invoices fall due for payment and for payments to be made by such dates.

Accordingly, the Directors are satisfied that the Company has complied with the requirements of the Regulations.

Subsidiary, associated and joint venture undertakings

A list of subsidiary, joint venture and associated undertakings as at 31 December 2013 is set out in note 29.

Auditors

The auditors PricewaterhouseCoopers will continue in office in accordance with Section 160(2) of the Companies Act 1963.

John Moloney
Chairman

Denis Byrne
Director

Independent Auditors' report to the members of Coillte Teoranta

We have audited the financial statements of Coillte Teoranta for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the report of the Directors, the Directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the Group's and Parent Company's affairs as at 31 December 2013 and of the Group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been

kept by the Parent Company.

- The Parent Company Balance Sheet is in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.
- The net assets of the Parent Company, as stated in the Parent Company Balance Sheet, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Parent Company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code as included in the Report of the Directors does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

John Dillon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

28 March 2014

Accounting Policies

The significant accounting policies adopted by the Group are as follows:

Authority
Coillte Teoranta (The Irish Forestry Board) was established under the Forestry Act, 1988.

Basis of preparation
The financial statements are prepared under the historical cost convention as modified by the revaluation of certain financial assets and have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013, and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Directors have concluded, having made due enquiries, that it is appropriate to prepare the Group and Company financial statements on a going concern basis.

Critical accounting estimates and judgments
Preparation of the consolidated financial statements requires management to make certain assumptions that affect the reported amounts of assets and liabilities. These include but are not limited to the following areas:

A. Impairment of assets and goodwill
Intangible assets including goodwill, forests and land, buildings, machinery and equipment are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. The recoverable amount of income generating units is determined based on value in use calculations. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Group to make assumptions about future supply and demand, future sales prices, the achievement of cost savings, applicable exchange rates and an appropriate discount rate.

If the Group fails to meet its forecasted sales levels or fails to achieve anticipated cost reductions, or if weak economic conditions prevail in its primary markets, the value in use of an income generating unit is likely to be adversely affected.

B. Pensions
The actuarial valuation of pensions is based on assumptions regarding inflation, discount rates, the expected return on plan assets, salary increases, pension payment increases and mortality rates. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

Consolidation and equity accounting
The Group financial statements consolidate the financial statements of the holding Company and its subsidiary undertakings and the Group's share of the results and net assets including the premium on acquisition of associated undertakings. Associated undertakings are accounted for under the equity method of accounting.

Turnover
Turnover, excluding value added tax, represents the income received and receivable from third parties, in the ordinary course of business, for goods and services provided. Any discounts given to the Group's customers are deducted from turnover.

Revenue from the sale of standing timber is recognised when the timber is released to the customer for harvest. Revenue from the sale of harvested timber is recognised when delivered to the mill gate. Revenue from the sale of panel products is recognised when the goods are delivered. Revenue from operating leases is recognised over the term of the lease. Revenue from the sale of fixed assets is recognised when an unconditional contract has been signed. Revenue is recognised on the sale of units in the Irish Forestry Unit Trust or by marking units that are readily realisable to market.

Operating lease rental income is charged to the profit and loss account on a straight line basis over the life of the lease agreement. All other revenue is recognised when the goods or services are delivered.

Exceptional items
The Group has adopted a profit and loss account format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgment is used by the Group in assessing the particular items, which by virtue of their materiality and/or nature, are disclosed in the Group profit and loss account and related notes as exceptional items.

Tangible assets
Forests and land are stated at cost less depletion. Critical spare parts (components) are stated at cost and are depreciated over the shorter of the economic life of the component or the tangible asset that the component is incorporated into, once the component is utilised. Other tangible assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of tangible assets other than forests, land and critical spare parts over their estimated useful lives by equal annual instalments.

Forest capitalisation policy
The Group capitalises the costs associated with establishing and maintaining forest plantations. Direct costs are capitalised on the basis of the specific operations carried out. Indirect costs are capitalised by operation where this information is available or by reference to the proportion of the direct costs capitalised for which the individual management team has responsibility.

Joint arrangements
The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's risk interest in the joint arrangement.

Depletion
Depletion represents the costs of forests clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forests. The amount of depletion charged to the profit and loss account is based on the original cost of the forest asset at vesting day plus an estimate of maintenance costs capitalised since that date.

Leased assets
The capital cost of assets acquired under finance leases is included under tangible assets and written off over the shorter of the lease term or the estimated useful life of the asset. The outstanding capital element of the lease obligations is included in loans and other debt, while the interest is charged to the profit and loss account over the primary lease period. Assets acquired under operating leases are not capitalised. The lease charges are expensed over the period of the lease.

Financial assets
Interests in subsidiary, associated and joint venture undertakings are stated in the Holding Company's balance sheet at cost less provisions for impairment. The Group's share of profits less losses of associated and joint venture undertakings is included in the Group profit and loss account and added to the carrying value of investments in the Group balance sheet. Other investments are stated at cost except for investments that are readily marketable, which are stated at market value.

Intangible assets
Goodwill arising on the acquisition of subsidiary undertakings by the Group is capitalised and amortised to the Group profit and loss account over its estimated useful life.

Impairment of assets and goodwill
Intangible assets, forests and land, buildings, machinery and equipment are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or income generating units are written down to their recoverable amount.

The recoverable amount of intangible assets, forests and land, buildings, machinery and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For immature forestry related assets, cost is recognised as being equivalent to fair value for value in use purposes. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the income generating unit to which the asset belongs.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may be impaired. As at acquisition date any goodwill acquired is allocated to each of the income generating units expected to benefit from the business combination's synergies. Impairment is determined by assessing the recoverable amount of the income generating unit to which the goodwill relates.

When the recoverable amount of the income generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on normal levels of cost and comprises supplier's invoice price with the addition of charges such as freight or duty where appropriate. Net realisable value comprises the actual or estimated selling price (net of trade but before settlement discounts), less all costs to be incurred in marketing, selling and distribution. Non-critical spare parts are included in stock at cost and a provision is made for obsolete, slow-moving or defective items where appropriate.

Financial instruments

Forward foreign exchange contracts are used to hedge foreign currency exposures arising from trading activities. At the balance sheet date, debtor or creditor balances that are hedged by forward foreign currency contracts are translated into Euro at the contract rate.

Interest rate swap agreements and similar contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these financial instruments are amortised to finance charge over the remaining life of the financial instrument.

Foreign currencies

Transactions denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the transaction date or, if hedged, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract. The resulting profit or loss is included in the profit and loss account.

Pensions

a. The pension entitlements of the majority of employees in Coillte Teoranta and Medite Europe Limited, are funded through separately administered defined benefit superannuation schemes. A full actuarial valuation is undertaken every three years and is updated to reflect current conditions in the intervening periods. The schemes' assets are valued at market value and the schemes' liabilities are measured on an actuarial basis, using the projected unit credit method. If the schemes are in surplus, the surplus is shown net of deferred tax as an asset on the balance sheet. If the schemes are in deficit, the deficit is shown as a liability on the balance sheet net of deferred tax. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. The current service and past service cost of the defined benefit scheme is charged to operating profit and the expected return on assets net of the change in the present value of the scheme's liabilities arising from the passage of time is credited to other finance income/charges.
b. Pension entitlements of employees of SmartPly Europe Limited and Coillte Panel Products (UK) Limited are funded through a separately administered defined contribution superannuation scheme. Pension entitlements of employees in Coillte Teoranta and Medite Europe Limited who are not members of the defined benefit superannuation scheme are funded through separately administered defined contribution schemes and are charged to the profit and loss account as they fall due.
c. The payment of pre-Vesting Day pension entitlements of employees retiring after Vesting Day, which is the liability of the Minister for Public Expenditure and Reform, has been delegated to

the Company by the Minister for Agriculture, Food and the Marine under section 44 of the Forestry Act, 1988. Payments made by the Company in accordance with such delegation are reimbursed by the Minister for Public Expenditure and Reform.

Grants

Revenue-based grants are credited to the profit and loss account on the same basis as the related expenditure is incurred.

Capital grants received and receivable under EU-assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Grants, in respect of afforestation costs which have been capitalised, are treated as grant reserve and will be amortised to the profit and loss account when the related forests are clearfelled. Grants, in respect of afforestation costs expensed by the Group, are credited to the profit and loss account on the same basis as the related expenditure is incurred.

Other non-repayable grants are amortised to the profit and loss account at the same time as the related assets are depreciated.

Taxation

Corporation tax is provided, where applicable, at current rates.

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, have occurred at the balance sheet date.

Deferred tax assets arising from timing differences are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Timing differences are differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is calculated at the rates at which it is estimated that tax will arise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research expenditure

All expenditure on research is written off to the profit and loss account in the year in which it is incurred.

Legal claims and provisions

The Group employs an in-house team to manage all claims against the Group. It has also established a Liability Provisions Committee that meets four times a year to assess the provisions for legal claims proposed by the in-house legal team. The committee is made up of senior management and a representative of the Group’s insurance brokers.

Provisions are included in the financial statements for legal and any other matters on the basis of the amounts that management consider will become payable, after evaluating the recommendations of claim advisors, the specific knowledge of the in-house legal team, insurance thresholds and any other experts.

Group Profit and Loss Account

Year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Group turnover	1	275,717	262,156
Operating costs		(234,419)	(227,128)
Operating profit before exceptional items		41,298	35,028
Exceptional items	5	(931)	(6,043)
Operating profit		40,367	28,985
Share of associated undertaking gains/(losses)	30	81	(50)
Profit before finance charge and taxation		40,448	28,935
Interest payable	6	(8,933)	(8,333)
Interest receivable	6	1	30
Other finance cost	9	(2,805)	(4,251)
Profit before taxation	2	28,711	16,381
Taxation	8	(2,945)	(1,119)
Profit for the year		25,766	15,262

Note: Movements on reserves are set out in note 27.

John Moloney
Chairman

Denis Byrne
Director

Group Statement of Total Recognised Gains and Losses

Year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Profit for the financial year		25,766	15,262
Actuarial gain/(loss) in respect of pension scheme	9	31,016	(26,457)
Deferred tax on actuarial (gain)/loss	20	(1,268)	468
Total recognised gains/(losses) for the year		55,514	(10,727)

Group Balance Sheet

At 31 December 2013

	Notes	2013 €'000	2012 €'000
Fixed assets			
Tangible assets	10	1,512,058	1,489,217
Financial assets	11	(220)	1,267
Intangible assets	12	343	461
		1,512,181	1,490,945
Current assets			
Stocks	13	21,891	22,535
Debtors	14	77,510	59,358
Cash		3,972	5,131
		103,373	87,024
Creditors: Amounts falling due within one year	15	(65,212)	(57,997)
Net current assets		38,161	29,027
Total assets less current liabilities		1,550,342	1,519,972
Creditors: Amounts falling due after one year	18	(176,387)	(168,996)
Provisions for liabilities and charges	20	(5,218)	(5,735)
Net assets excluding pension liability		1,368,737	1,345,241
Pension liability	9	(126,851)	(156,483)
Net assets including pension liability		1,241,886	1,188,758
Capital and reserves			
Called up share capital	21	795,060	795,060
Capital conversion reserve fund	21	6,145	6,145
Profit and loss account	22	287,719	234,205
Grant reserve	22	152,962	153,348
Shareholders' funds		1,241,886	1,188,758

John Moloney
Chairman

Denis Byrne
Director

Company Balance Sheet

At 31 December 2013

	Notes	2013 €'000	2012 €'000
Fixed assets			
Tangible assets	10	1,450,166	1,424,574
Financial assets	11	64,072	65,490
		1,514,238	1,490,064
Current assets			
Stocks	13	6,223	6,805
Debtors	14	54,763	38,533
Cash		-	2,290
		60,986	47,628
Creditors: Amounts falling due within one year	15	(47,676)	(41,481)
Net current assets		13,310	6,147
Total assets less current liabilities		1,527,548	1,496,211
Creditors: Amounts falling due after one year	18	(175,413)	(167,720)
Provisions for liabilities and charges	20	(1,672)	(1,982)
Net assets excluding pension liability		1,350,463	1,326,509
Pension liability	9	(116,787)	(144,022)
Net assets including pension liability		1,233,676	1,182,487
Capital and reserves			
Called up share capital	21	795,060	795,060
Capital conversion reserve fund	21	6,145	6,145
Profit and loss account	22	279,509	227,934
Grant reserve	22	152,962	153,348
Shareholders' funds		1,233,676	1,182,487

John Moloney
Chairman

Denis Byrne
Director

Group Cash Flow Statement

Year ended 31 December 2013

	Notes	2013 €'000	2012 €'000
Net cash inflow from operating activities	26(a)	32,849	37,369
Return on investment and servicing of finance			
Net Interest	26(b)	(9,516)	(8,406)
Taxation		(2,675)	(77)
Capital expenditure			
Purchase of tangible fixed assets	26(c)	(41,123)	(42,632)
Sale of tangible fixed assets	26(d)	9,365	6,810
Sale of financial assets	11	1,608	-
Capital grants received	26(e)	662	911
Net cash outflow from capital expenditure		(29,488)	(34,911)
Equity dividends paid to shareholders	7	-	(2,000)
Net cash outflow from management of liquid resources		(8,830)	(8,025)
Financing			
Capital element of finance lease payments	26(e)	(30)	19
Increase/(decrease) in borrowings	26(h)	7,701	(2,448)
Decrease in cash at bank		(1,159)	(10,454)

John Moloney
Chairman

Denis Byrne
Director

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 establishment, management and protection of forests. Enterprise is responsible for optimising the land resource through renewable energy (Wind and Biomass), telecommunications masts and land sales and development. Panel Products is involved in the manufacture of engineered wood products.

	Forest		Enterprise		Panel Products		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment Revenue								
Republic of Ireland	110,753	108,891	24,564	23,265	15,878	13,647	151,195	145,803
United Kingdom	7,645	6,428	1,947	1,284	94,751	88,819	104,343	96,531
Rest of the World	-	1,034	169	161	58,748	51,928	58,917	53,123
	118,398	116,353	26,680	24,710	169,377	154,394	314,455	295,457
Inter-segment sales	(33,044)	(28,128)	(5,694)	(5,173)	-	-	(38,738)	(33,301)
Sales to third parties	85,354	88,225	20,986	19,537	169,377	154,394	275,717	262,156

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.

Notes to the Financial Statements

2. Profit before taxation

		2013	2012
		€'000	€'000
Profit before taxation has been arrived at after charging/(crediting):			
Auditors' remuneration:	- audit services	208	192
	- audit-related services	291	122
	- non-audit related services	85	195
Depreciation		9,378	9,870
Interest payable on borrowings wholly repayable within 5 years		8,933	8,333
Operating lease charges	– plant and machinery	117	264
Operating lease charges	– buildings	964	1,100
Research expenditure		1,801	3,956
Operating lease rental income		(5,541)	(5,383)
Amortisation of grants (note 23)		(308)	(319)
Amortisation of goodwill (note 12)		118	117
Other exceptional costs (note 5)		931	6,043
Auditors' remuneration for statutory audit of parent company accounts		162	147

Auditors' remuneration for audit-related services comprised:

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Taxation advice and compliance	145	50	92	41
Pension audit	46	22	46	22
Accounting and other advice	100	50	100	50
	291	122	238	113

Auditors' remuneration for non-audit related services comprised:

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Advisory services	85	195	85	88

Notes to the Financial Statements

3. Emoluments of Directors and Chief Executive

	Fees	Salary	Performance Related Pay	Pension Contribution	Taxable Benefit	Other Emoluments	2013 Total	2012 Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Parent Company								
David Gunning**	-	142	-	37	16	-	195	372
Brendan McKenna	20	-	-	-	-	-	20	22
Alma Kelly	13	-	-	-	-	-	13	13
Seamus Murray	13	-	-	-	-	-	13	13
Frank Toal	13	-	-	-	-	-	13	13
Denis Byrne	13	-	-	-	-	-	13	13
Julie Murphy – O'Connor	-	-	-	-	-	-	-	-
John Moloney	-	-	-	-	-	-	-	-
Breffni Byrne	-	-	-	-	-	-	-	13
Yvonne Scannell	-	-	-	-	-	-	-	13
Oliver McCabe*	-	-	-	-	-	-	-	44
	72	142	-	37	16	-	267	516

* Oliver McCabe's remuneration in 2012 included Director fees of €13,000, salary of €29,000 and pension contribution of €2,000.

** Disclosed emoluments refer to amounts paid in 2013 and include €88,000 in respect of salary earned in 2013, an additional €34,000 in respect of base salary earned 2008-2012 previously deferred and €20,000 in lieu of accrued leave.

4. Employees and remuneration

The average number of persons employed by the Group (excluding associated undertakings) during the year was 913 (2012: 960) which comprise 427 (2012: 439) industrial workers and 486 (2012: 521) non-industrial employees.

	2013	2012
	€'000	€'000
The staff costs comprise:		
Wages and salaries	52,675	53,675
Social welfare costs	4,595	4,628
Pension costs	6,197	5,394
	63,467	63,697
Own work capitalised	(9,785)	(10,456)
Charge to profit and loss account	53,682	53,241

Notes to the Financial Statements

5. Exceptional items

	2013	2012
	€'000	€'000
Voluntary parting/early retirement programme (note a)	931	3,043
Impairment of fixed assets (note b)	-	3,000
	931	6,043

A. Voluntary parting/early retirement programme

In 2013, severance payments and actuarial costs relating to the past service of departing employees of €0.931m were incurred (2012: €3.043m).

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 in 2012. As a consequence of the review, the Group wrote down the assets to their recoverable amount by including an impairment charge of €3.0m in the Group profit and loss account. No equivalent impairment charge is deemed necessary for 2013.

6. Net finance charges

	2013	2012
	€'000	€'000
Finance charges:		
Interest on bank overdraft and loans wholly repayable within 5 years and other related bank costs	8,933	8,333
Finance income:		
Interest receivable	(1)	(30)
	8,932	8,303

7. Dividend declared/paid

	2013	2012
	€'000	€'000
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on ordinary shares		
Interim dividend of €0.00317 per share for the year ended		
31 December 2013 (2012: €0.00317)	2,000	2,000

A Dividend in respect of the year ended 31 December 2013 of €0.00317 per share was authorised by the Board in December 2013 and paid in January 2014.

Notes to the Financial Statements

8. Taxation

		2013 €'000	2012 €'000
Current tax:			
Corporation tax at 12.5% (2012: 12.5%)		3,920	4,140
Less: Woodlands relief		(3,405)	(2,849)
		515	1,291
Foreign tax	- Netherlands	2	1
	- United Kingdom	31	22
Adjustment in respect of prior years		(511)	(2,423)
Taxation on disposal of fixed assets at 33% (2012: 30%/33%)		3,433	2,238
Total current tax		3,470	1,129
Deferred tax:			
Origination and reversal of pension timing differences		50	(55)
Origination and reversal of other timing differences		(575)	45
Total taxation on profit on ordinary activities		2,945	1,119

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:

	2013 €'000	2012 €'000
Current tax:		
Profit on ordinary activities before tax	28,711	16,381
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2012: 12.5%)	3,589	2,048
Effects of:		
Woodlands relief	(3,405)	(2,849)
Impairment of assets and associated goodwill	-	375
Expenses not deductible for tax purposes	466	761
Differences between capital allowances and depreciation	352	381
Adjustments in respect of prior years	(511)	(2,423)
Higher rates of tax on certain activities	2,985	2,215
Unutilised current year tax losses	-	667
Foreign tax	17	21
Other	(23)	(67)
Total current tax	3,470	1,129

Notes to the Financial Statements

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 2012 (Medite Europe Limited) and 31 December 2011 (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 €150.0m (Coillte Teoranta – 31 December 2011) and €15.3m (Medite Europe Limited – 1 January 2012) and the deficiency in both schemes at those dates were €66.0m (Coillte Teoranta) and €8.4m (Medite Europe Limited).

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 69% 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. The Trustees of the Coillte Teoranta scheme initiated legal proceedings against the Company as one aspect of the funding proposal was not implemented. The Company and Trustees have now agreed non-binding Heads of Terms on an alternative funding arrangement and proceedings have been adjourned until 22 May 2014.

B. Financial Reporting Standard 17 (FRS 17)

	2013 €'000	2012 €'000
The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(354,372)	(357,736)
Fair value of plan assets	223,874	196,288
Pension Liability	(130,498)	(161,448)
Related deferred tax asset (note 20)	3,647	4,965
Net pension liability	(126,851)	(156,483)

Notes to the Financial Statements

9. Pensions – continued

B. Financial Reporting Standard 17 (FRS 17) – continued

The amounts recognised in the profit and loss account are as follows:

	2013	2012
	€'000	€'000
Current service cost	5,600	4,795
Curtailment charge	588	1,343
Capitalised costs	(1,001)	(1,395)
Net operating cost	5,187	4,743
Expected return on scheme assets	(9,897)	(9,590)
Interest on liability	13,640	15,250
Capitalised costs	(938)	(1,409)
Net finance cost	2,805	4,251
Total profit and loss account charge	7,992	8,994

The amounts recognised in the statement of total recognised gains and losses are as follows:

	2013	2012
	€'000	€'000
Actual return less expected return on pension scheme assets	15,437	9,932
Experience gains arising on scheme liabilities	2,895	12,557
Changes in assumptions underlying present value of scheme liabilities	12,684	(48,946)
Actuarial gain/(loss) recognised	31,016	(26,457)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2013 is €37,487,000 (2012: loss €68,503,000).

The actual return on plan assets was:

	2013	2012
	€'000	€'000
Actual return on plan assets	25,334	19,522

Expected contributions for the year ended 31 December 2014 are €10,460,000.

Notes to the Financial Statements

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 2012	196,288	(357,736)	(161,448)
Current service cost	-	(5,600)	(5,600)
Interest on scheme liabilities	-	(13,640)	(13,640)
Expected return on scheme assets	9,897	-	9,897
Actual less expected return on scheme assets	15,437	-	15,437
Experience gains on liabilities	-	2,895	2,895
Changes in assumptions	-	12,684	12,684
Contributions by plan participants	1,670	(1,670)	-
Curtailment charge	-	(588)	(588)
Benefits paid from plan assets	(9,283)	9,283	-
Employer contributions paid	9,865	-	9,865
As at 31 December 2013	223,874	(354,372)	(130,498)

	Pension Assets €'000	Pension Liabilities €'000	Pension Deficit €'000
At 31 December 2011	171,443	(306,410)	(134,967)
Current service cost	-	(4,795)	(4,795)
Interest on scheme liabilities	-	(15,250)	(15,250)
Expected return on scheme assets	9,590	-	9,590
Actual less expected return on scheme assets	9,932	-	9,932
Experience gains on liabilities	-	12,558	12,558
Changes in assumptions	-	(48,946)	(48,946)
Contributions by plan participants	1,840	1,840	-
Curtailment charge	-	(1,343)	(1,343)
Benefits paid from plan assets	(8,290)	8,290	-
Employer contributions paid	11,773	-	11,773
As at 31 December 2012	196,288	(357,736)	(161,448)

Notes to the Financial Statements

9. Pensions – continued

B. Financial Reporting Standard 17 (FRS 17) – continued

The following amounts were measured in accordance with the requirements of FRS 17 at 31 December 2009-2013 inclusive.

	2013	2012	2011	2010	2009
Expected rate of return:					
Equities	6.90%	7.00%	7.50%	7.50%	8.00%
Bonds	2.60%	2.40%	3.20%	3.40%	3.80%
Property	4.90%	5.00%	5.50%	5.50%	6.00%
Other	2.00%	2.00%	2.00%	2.00%	2.00%

	2013	2012	2011	2010	2009
	€'000	€'000	€'000	€'000	€'000
Market Value:					
Equities	142,259	131,526	114,754	107,007	99,695
Bonds	62,929	50,380	40,624	50,867	40,741
Property	13,655	13,308	13,255	12,357	13,310
Other	5,031	1,074	2,810	3,799	7,729
Total market value of assets	223,874	196,288	171,443	174,030	161,475
Present value of scheme liabilities	(354,372)	(357,736)	(306,410)	(263,200)	(233,847)
Deficit in the scheme	(130,498)	(161,448)	(134,967)	(89,170)	(72,372)

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 2013. Under FRS 17 the deficit in the Coillte Teoranta scheme net of deferred tax was €116.8m (2012: deficit of €144.0m) and the deficit in the Medite Europe Limited scheme net of deferred tax was €10.1m (2012: deficit of €12.5m).

The principal actuarial assumptions at the balance sheet date:

	2013	2012	2011	2010	2009
The main financial assumptions used were:					
Rate of increase in salaries	2.90%	3.00%	3.50%	3.50%	3.50%
Rate of increase in pension payments					
- Coillte Teoranta	2.90%	3.00%	3.50%	3.50%	3.50%
- Medite Europe Limited	0.00%	0.00%	0.00%	0.00%	0.00%
Discount rate	3.75%	3.80%	5.00%	5.50%	5.90%
Price inflation	1.90%	2.00%	2.00%	2.00%	2.00%

Notes to the Financial Statements

9. Pensions – continued

B. Financial Reporting Standard 17 (FRS 17) – continued

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:

	2013	2012
Male – current pensioner	22.6	23.2
Female – current pensioner	23.2	24.6
Male – future pensioner (age 45)	25.0	25.8
Female – future pensioner (age 45)	26.0	26.8

5 year analysis	2013	2012	2011	2010	2009
	€'000	€'000	€'000	€'000	€'000
Present value of the defined benefit obligation	(354,372)	(357,736)	(306,410)	(263,200)	(233,847)
Fair value of plan assets	223,874	196,288	171,443	174,030	161,475
Pension Deficit	(130,498)	(161,448)	(134,967)	(89,170)	(72,372)

	2013	2012	2011	2010	2009
Experience adjustment on plan Liabilities as a percentage of scheme liabilities at the balance sheet date	(0.82%)	(3.51%)	(0.75%)	(1.04%)	5.4%
Experience adjustment on plan Assets as a percentage of scheme assets at the balance sheet date	6.90%	5.06%	(8.64%)	0.07%	1.0%

Sensitivity analysis of the scheme liabilities

A decrease of 1% in the discount rate would increase the Coillte defined benefit pension scheme obligation by €66.1m and an increase of 1% in the discount rate would decrease the Coillte defined benefit pension scheme obligation by €54.7m. A decrease of 1% in the discount rate would increase the Medite defined benefit obligation by €7.4m and an increase of 1% in the discount rate would decrease the Medite defined benefit pension scheme obligation by €5.7m.

C. Defined contribution pension scheme

SmartPly 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 SmartPly Europe Limited amounted to €368,000 (2012: €362,000) and contributions of €25,000 (2012: €37,000) 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 €69,000 (2012: €74,000) and contributions of €4,000 (2012: €8,000) 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 €160,000 (2012: €163,000) and contributions of €19,000 (2012: €19,000) were not transferred to the fund until after the year end.

Notes to the Financial Statements

10. Tangible assets

	Notes	Forests & land	Buildings	Machinery & equipment	Total
		€'000	€'000	€'000	€'000
(a) Group					
Cost					
At 1 January 2013	(i)	1,430,086	34,028	127,821	1,591,935
Additions	(ii)	33,363	68	7,777	41,208
Depletion	(iii)	(8,276)	-	-	(8,276)
Disposals		(264)	(153)	(1,595)	(2,012)
At 31 December 2013		1,454,909	33,943	134,003	1,622,855
Accumulated depreciation					
At 1 January 2013		15,017	21,467	66,234	102,718
Charge for year	(iv)	-	990	8,473	9,463
Provision for impairment	(vi)	-	-	-	-
Disposals		-	(72)	(1,312)	(1,384)
At 31 December 2013		15,017	22,385	73,395	110,797
Net book amounts					
At 31 December 2013		1,439,892	11,558	60,608	1,512,058
At 31 December 2012		1,415,069	12,561	61,587	1,489,217

Notes to the Financial Statements

10. Tangible assets – continued

	Notes	Forests & land	Buildings	Machinery & equipment	Total
		€'000	€'000	€'000	€'000
(b) Company					
Cost					
At 1 January 2013	(i)	1,417,745	12,265	29,207	1,459,217
Additions	(ii)	33,363	32	3,194	36,589
Depletion	(iii)	(8,276)	-	-	(8,276)
Disposals		(264)	(153)	(1,336)	(1,753)
At 31 December 2013		1,442,568	12,144	31,065	1,485,777
Accumulated depreciation					
At 1 January 2013		14,457	3,896	16,290	34,643
Charge for year	(iv)	-	226	1,918	2,144
Provisions for impairment	(vi)	-	-	-	-
Disposals		-	(72)	(1,104)	(1,176)
At 31 December 2013		14,457	4,050	17,104	35,611
Net book amounts					
At 31 December 2013		1,428,111	8,094	13,961	1,450,166
At 31 December 2012		1,403,288	8,369	12,917	1,424,574

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 €0.22m (2012: €0.41m) for afforestation, €17.86m (2012: €17.26m) for reforestation, €14.38m (2012: €15.35m) for other capital work and €0.90m (2012: €0.29m) 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 €32,000 (2012: €71,000). The depreciation charge for capitalised leased assets for the year ended 31 December 2013 was €38,000 (2012: €30,000).

Notes to the Financial Statements

10. Tangible assets – continued

vi. Tangible assets are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

In 2012, arising from a Government decision to review the possibility of selling the harvesting rights of Coillte for a period of 50-80 years, the Group were required to carry out an impairment review of the Land & Forest Asset held by it to establish whether its carrying value exceeds its estimated recoverable amount. The Group assessed the value in use of the Land & Forest asset in determining the estimated recoverable amount.

The value in use of the growing forest, other than for immature plantations, has been determined by assessing the present value of future expected cash flows from the growing forest. Immature plantations (0-15 years) are valued at the actual establishment costs of those stands. Cash flows have been determined over the average crop rotation being 40 years. The cash flows are calculated on the basis of expected harvest volumes according to Coillte's current harvesting plan and assessments of future price and cost profile changes. The impact of re-planting has been taken into account.

The cash flows are discounted using a weighted average cost of capital (WACC) of 4.5% (real) and / or 6.5% (nominal).

The value of land, including land upon which non-forestry income generating activities such as mast site income, wind generation and other non-strategic plantations are located, was also assessed by the Group and included in this land and forest based impairment model.

Based on this assessment, and the related assumptions set out above, the Group has concluded that the recoverable amount exceeds the book value.

The assessment of the recoverable amount is sensitive to changes to the underlying assumptions. The impact of changes in a number of the most significant valuation assumptions are set out below:

Sensitivity analysis	Change assumption	Change in Value in Use € million
WACC	+/- 0.25%	(€52m) / €60m
Timber prices	+/- 1%	€27m / (€27m)
Felling costs	+/- 1%	(€10m) / €10m
Volumes	+/- 1%	€17m / (€17m)

As part of the impairment assessment, the company also engaged with external advisors to perform an independent assessment of the value of Land and Forest assets on a value in use basis in accordance with International Accounting Standards. This valuation assessment supports the current carrying value.

The duration of the cashflow period increases the inherent risk of forecasting over such a long period of time. Critical to the determination of value in use is the achievement of forecasted cashflows. The actual performance of 2013 has been compared against the valuation model as part of a subsequent review in accordance with FRS 11 and this assessment continues to support the current carrying value.

During 2012, the Group also carried out an impairment review of the carrying value of its investment in certain forestry assets that were considered separate income generating units. As a consequence of this review, the Group recorded an impairment charge of €3 million. No similar impairment charge is deemed necessary for 2013.

Notes to the Financial Statements

11. Financial assets

A. Group

	Associated Undertakings €'000	Other Investments €'000	Total €'000
Unlisted shares			
At 1 January 2013	(301)	1,568	1,267
Revaluation of investments	-	40	40
Sale of investments	-	(1,608)	(1,608)
Share of associate gains (note 30)	81	-	81
At 31 December 2013	(220)	-	(220)

B. Company

	Subsidiary Undertaking €'000	Associated Undertaking €'000	Other Investments €'000	Total €'000
Unlisted shares				
At 1 January 2013	78,856	-	1,568	80,424
Revaluation of investments	-	-	40	40
Sale of investments	-	-	(1,608)	(1,608)
At 31 December 2013	78,856	-	-	78,856
Loans, advances and trading balances				
At 1 January 2013	(14,836)	(98)	-	(14,934)
Movements	85	65	-	150
At 31 December 2013	(14,751)	(33)	-	(14,784)
Net book amounts				
Net investment	64,105	(33)	-	64,072
At 31 December 2012	64,020	(98)	1,568	65,490

Notes:

i. Other investments included the cost of forests, which were transferred to the Irish Forestry Unit Trust in exchange for units in the fund. During 2013, the Group sold its remaining 471,516 units in the fund for €1.61m.

Notes to the Financial Statements

12. Intangible assets

	2013	2012
	€'000	€'000
At 1 January	461	578
Amortised during year (note i)	(118)	(117)
At 31 December	343	461

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	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Raw material and consumables	9,277	9,983	6,223	6,805
Non critical spare parts (net of provisions)	2,412	2,561	-	-
Goods for resale	10,202	9,991	-	-
	21,891	22,535	6,223	6,805

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	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Amounts falling due within one year				
Trade debtors*	44,134	37,636	22,056	17,719
Grants receivable	746	1,794	746	1,794
Other debtors and prepayments	32,630	19,928	31,961	19,020
	77,510	59,358	54,763	38,533

* Credit insurance is in place for a significant proportion of this receivable.

Notes to the Financial Statements

15. Trade creditors and accruals

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Amounts falling due within one year				
Bank overdraft	-	-	2,934	-
Finance leases (note 17)	6	29	-	-
Trade creditors	11,142	8,734	6,820	4,958
Taxation and social welfare (note 16)	5,457	4,755	3,843	3,591
Accruals and deferred income	48,310	44,179	34,070	32,912
	64,915	57,697	47,677	41,461
Capital grants deferred (note 23)	297	300	9	20
	65,212	57,997	47,676	41,481

16. Taxation and social welfare

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Taxation and social welfare comprise:				
PAYE / PRSI	1,838	1,909	924	1,034
VAT	1,190	1,154	783	729
Corporation and capital gains tax	2,381	1,588	2,121	1,742
Other	48	104	15	86
	5,457	4,755	3,843	3,591

17. Loans and other debt

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Wholly repayable within 1 year				
Finance lease	6	29	-	-
	6	29	-	-
Repayable between 2 and 5 years (note 18)				
Loans	175,253	167,552	175,253	167,552
Finance lease	20	26	-	-
Total loans and other debt	175,279	167,607	175,253	167,552

Notes to the Financial Statements

18. Creditors

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Amounts falling due after one year:				
Loans	175,253	167,552	175,253	167,552
Capital grants deferred (note 23)	1,114	1,418	160	168
Finance lease	20	26	-	-
	176,387	168,996	175,413	167,720

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:

	2013		2012	
	€'000	%	€'000	%
Fixed rate financial liabilities	140,025	80	100,055	60
Floating rate financial liabilities	35,254	20	67,552	40
(note 17)	175,279	100	167,607	100

	2013	2012
Weighted average fixed debt interest rates	4.24%	4.65%
Weighted average fixed debt period – years	2.1	0.1

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. At the end of 2013, 80% of debt was fixed (2012: 60%).

Notes to the Financial Statements

19. Financial instruments – continued

Floating rate debt comprises bank borrowings bearing interest at rates determined in advance for periods ranging from overnight 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 (2012: €700,000) in additional interest charges per annum.

C. Liquidity risk:

The maturity profiles of debt as at 31 December 2012 and 2013 are as follows:

	2013		2012	
	€'000	%	€'000	%
In one year or less	6	1	29	1
Between two and five years	175,273	99	167,578	99
Total	175,279	100	167,607	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 €96m (2012: €103m) as at 31 December 2013.

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)	
	2013	2012	2013	2012	2013	2012
	€'000	€'000	€'000	€'000	€'000	€'000
Assets:						
Financial assets	-	1,568	-	1,568	-	-
Cash	3,972	5,131	3,972	5,131	-	-
Liabilities:						
Overdrafts	-	-	-	-	-	-
Floating rate debt	175,253	167,552	175,253	167,552	-	-
Finance leases	26	55	26	55	-	-
Derivatives:						
Interest rate swaps	-	-	(659)	(2,666)	(659)	(2,666)
Foreign exchange contracts	-	-	(394)	442	(394)	442

Notes to the Financial Statements

19. Financial instruments – continued

E. Currency contracts: (Sterling)

At 31 December 2013, the Group had entered into Euro / Stg£ foreign exchange contracts for the sale of the total principal amount of Stg £26.8 million at the rate of 0.8381. There was a loss of €168,887 on sterling forward contracts marked to market at 31 December 2013.

At 31 December 2013, the Group had zero cost Euro / Stg £ foreign exchange options for the sale of the total principal amount of Stg £13.2 million at the rate of 0.8457. There was a loss of €224,735 on these instruments as at 31 December 2013.

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:

			2013	2012
	Gains	Losses	Total	Total
	€'000	€'000	€'000	€'000
Unrecognised gains and (losses) on hedges at 1 January 2013	442	(2,666)	(2,224)	(3,935)
Gains and (losses) arising in previous years recognised prior to 1 January 2013	(442)	615	173	1,535
Gains / (losses) arising in 2013 that were not recognised prior to 1 January 2013	-	998	998	176
Unrecognised gains and (losses) on hedges at 31 December 2013	-	(1,053)	(1,053)	(2,224)

	€'000	€'000	€'000	€'000
Expected to mature:				
Within one year	-	(999)	(999)	(172)
After one year	-	(54)	(54)	(2,052)
	-	(1,053)	(1,053)	(2,224)

Notes to the Financial Statements

20. Provisions for liabilities and charges

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Legal and other provisions	2,575	2,517	1,672	1,543
Deferred taxation	2,643	3,218	-	439
	5,218	5,735	1,672	1,982

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.

	Group		Company	
	2013	2012	2013	2012
Legal and other provisions	€'000	€'000	€'000	€'000
At 1 January	2,517	2,993	1,543	1,975
Net movements	58	(476)	129	(432)
At 31 December	2,575	2,517	1,672	1,543

B. Deferred tax

	Group		Company	
	2013	2012	2013	2012
Deferred taxation	€'000	€'000	€'000	€'000
At 1 January	3,218	3,173	439	308
Net movements (note 8)	(575)	45	(439)	131
At 31 December	2,643	3,218	-	439

No asset has been recognised for deferred tax of €4,463,000 (2012: €4,577,000) 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.

	Group		Company	
	2013	2012	2013	2012
Deferred taxation arising on pension deficits	€'000	€'000	€'000	€'000
At 1 January	(4,965)	(4,442)	(3,185)	(3,226)
Net movement recognised in STRGL	1,268	(468)	1,031	41
Net movement recognised in Profit & Loss	50	(55)	-	-
At 31 December	(3,647)	(4,965)	(2,154)	(3,185)

Notes to the Financial Statements

21. Called up share capital

	2013	2012
	€'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	
	2013	2012
	€'000	€'000
At 1 January	153,348	152,788
Net movement in forestry grants (note 27)	(386)	560
At 31 December	152,962	153,348

	Profit and Loss Account	
	2013	2012
	€'000	€'000
Parent company	279,509	227,934
Subsidiary undertakings	8,431	6,572
Associated undertaking	(221)	(301)
	287,719	234,205

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.

Notes to the Financial Statements

23. Forestry and other grants

A. Group

	Forestry	Other	Total	Forestry	Other	Total
			2013			2012
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	153,348	1,718	155,066	152,788	2,037	154,825
Movement during year	(386)	-	(386)	560	-	560
	152,962	1,718	154,680	153,348	2,037	155,385
Amortised during year	-	(308)	(308)	-	(319)	(319)
At 31 December	152,962	1,410	154,372	153,348	1,718	155,066

B. Company

	Forestry	Other	Total	Forestry	Other	Total
			2013			2012
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	153,348	189	153,537	152,788	228	153,016
Movement during year	(386)	-	(386)	560	-	560
	152,962	189	153,151	153,348	228	153,576
Amortised during year	-	(20)	(20)	-	(39)	(39)
At 31 December	152,962	169	153,131	153,348	189	153,537

Notes to the Financial Statements

23. Forestry and other grants – continued

Other grants (notes 15 and 18)

The period over which other capital grants will be amortised is as follows:

C. Group

		2013		2012
	€'000	€'000	€'000	€'000
Within 1 year		297		300
Between 2 and 5 years	984		1,068	
Over 5 year	130		350	
		1,114		1,418
		1,411		1,718

D. Company

		2013		2012
	€'000	€'000	€'000	€'000
Within 1 year		9		20
Between 2 and 5 years	30		34	
Over 5 year	130		134	
		160		168
		169		188

24. Future capital expenditure not provided for

	2013	2012
	€'000	€'000
Contracted for	-	-
Authorised by the Directors but not contracted for	65,211	58,475
At 31 December	65,211	58,475

Notes to the Financial Statements

25. Contingencies and commitments

A. Government grants
A contingent liability of €31,632,000 (2012: €35,759,000) 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 2013	Total 2012
	€'000	€'000	€'000	€'000
Within one year	116	43	159	253
Between two and five years	151	27	178	258
Over five years*	587	-	587	442
	854	70	924	953

* Included within the commitments for land and buildings, SmartPly 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 2013, the Company was committed to making an annual payment of €112,000 (2012: €112,000) in respect of these lease obligations.

On cessation of the lease and vacating the site, SmartPly 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.

Notes to the Financial Statements

26. Notes to the Group Cashflow Statement

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

	Notes	2013 €'000	2012 €'000
Operating profit		40,367	28,985
Depreciation	2	9,378	9,870
Depletion	10	8,276	7,622
Impairment of fixed assets	10(vi)	-	3,000
Amortisation of goodwill	12	118	117
Profit on sale of tangible fixed assets	26(d)	(8,737)	(6,693)
Revaluation of IForUT units	11	(40)	(99)
Amortisation of grants	23	(308)	(319)
Movement in provisions and liabilities	20	58	(476)
Movement in pension fund liability		(2,739)	(4,227)
Movement in working capital			
Decrease in stocks	26(g)	644	1,661
(Increase)/decrease in debtors	26(g)	(19,200)	1,228
Increase/(decrease) in creditors	26(g)	5,032	(3,300)
		32,849	37,369

B. Interest paid and received

	Notes	2013 €'000	2012 €'000
Interest charge	6	8,933	8,333
Interest received	6	(1)	(30)
Movement of interest accrual	26(g)	584	103
		9,516	8,406

C. Additions to tangible fixed assets

	Notes	2013 €'000	2012 €'000
Fixed asset additions	10	41,208	42,690
Less: non-cash consideration (depreciation)		(85)	(58)
		41,123	42,632

Notes to the Financial Statements

26. Notes to the Group Cashflow Statement – continued

D. Sale of tangible fixed assets

	Notes	2013 €'000	2012 €'000
Net book value of assets sold	10	628	118
Profit on disposals of assets		8,737	6,692
Cash consideration		9,365	6,810

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 2013	795,060	6,145	155,066	56
Capital grants received	-	-	662	-
Additional finance leases obligations	-	-	-	(30)
Movement in capital grants receivable	-	-	(1,048)	-
Capital grants amortised	-	-	(308)	-
At 31 December 2013	795,060	6,145	154,372	26

F. Analysis of movement in net debt

	Balance 1 Jan €'000	Cash Flows €'000	Balance 31 Dec €'000
Cash at bank	5,131	(1,159)	3,972
Debt due within one year	(56)	30	(26)
Debt due after one year	(167,552)	(7,701)	(175,253)
	(162,477)	(8,830)	(171,307)

Notes to the Financial Statements

26. Notes to the Group Cashflow Statement – continued

G. Analysis of movement in working capital

	Balance 1 Jan	Cash Flows	Balance 31 Dec
	€'000	€'000	€'000
Stock	22,535	644	21,891
Debtors	59,358	(18,152)	77,510
Less capital grants receivable	(1,794)	(1,048)	(746)
	57,564	(19,200)	76,764
Creditors (excluding corporation tax, capital grants, loans, leases and dividend declared)	56,080	4,448	60,528
less: accrued interest	(2,155)	584	(1,571)
	53,925	5,032	58,957

H. Reconciliation of net cashflow to movements in net debt

	2013	2012
	€'000	€'000
Decrease in cash in the period	(1,159)	(10,454)
Cash inflow/(outflow) on finance leases	30	(19)
Cash (inflow)/outflow on bank loans	(7,701)	2,448
	(8,830)	(8,025)
Net debt at the beginning of the year	(162,477)	(154,452)
Net debt at the end of the year	(171,307)	(162,477)

27. Reconciliation of movements in shareholders' funds

	Share Capital	Share Capital Conversion	Capital Forest Grants	Profit and Loss account	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2013	795,060	6,145	153,348	234,205	1,188,758
Retained profit for the year	-	-	-	25,766	25,766
Actuarial gain recognised on pension schemes	-	-	-	31,016	31,016
Deferred tax related to actuarial gain	-	-	-	(1,268)	(1,268)
Net movement in forestry grants	-	-	(386)	-	(386)
Dividends declared	-	-	-	(2,000)	(2,000)
At 31 December 2013	795,060	6,145	152,962	287,719	1,241,886

Notes to the Financial Statements

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 RTE and the ESB. Sales of these goods, property and services amounted to €2.9m in 2013 and amounts due from these entities to the Group at 31 December 2013 for these goods, property and services amounted to €0.43m.

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 €19.3m in 2013 and amounts due to these entities at 31 December 2013 for these goods and services amounted to €1.1m.

D. Transactions with state controlled / influenced financial institutions

The Group have loan facilities of €116m 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 €3.1m for 2013. At 31 December 2013 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 £20.25 million at the rate of 0.8435. The Group also had €30m of interest rate swaps in place with A.I.B. and B.O.I. at a weighted average interest rate of 0.635%.

E. Transactions with related Companies

Moylurg Rockingham Limited

In the ordinary course of its business, the Group purchased goods and services from Moylurg Rockingham Limited amounting to €0.01m (2012: €0.01m), the balance due to this company at 31 December 2013 for these goods and services was €Nil (2012: €0.01m)

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

29. Subsidiary and Associated Undertakings

Subsidiary Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
SmartPly 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	% Held	Principal Activities	Registered Office and Country of Incorporation
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.

Notes to the Financial Statements

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.

	2013	2012
	€'000	€'000
Share of turnover	634	549
Share of the profit after tax *	81	(50)
Share of fixed assets	3,627	3,756
Share of current assets	672	636
Share of creditors due within one year	(298)	(319)
Share of creditors due after one year	(3,814)	(4,374)
Share of net assets	187	(301)

* There was no tax charge during the period.

31. Shareholder review of beneficial merger

The Shareholders are assessing the prospects for a beneficial merger of Coillte and Bord na Móna. At the date of signing the accounts, no decision had been taken in relation to this matter.

32. Post balance sheet events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.

33. Approval of Financial Statements

The Directors approved the financial statements on 27 March 2014.

5 Year Performance

Financial Review (Unaudited figures)

	2013	2012	2011	2010	2009
	€'000	€'000	€'000	€'000	€'000
Profit and loss account					
Turnover	275,717	262,156	259,116	250,399	206,865
Operating profit before exceptional items	41,298	35,028	41,485	46,065	817
Exceptional items	(931)	(6,043)	(9,131)	(1,392)	18,529
Operating profit	40,367	28,985	32,354	44,673	19,346
Share of losses of joint ventures/ associates	81	(50)	(50)	(50)	(50)
Finance charge	(11,737)	(12,554)	(11,555)	(11,168)	(11,780)
Profit before taxation	28,711	16,381	20,749	33,455	7,516
Taxation	(2,945)	(1,119)	(851)	(1,307)	(3,273)
Profit after taxation	25,766	15,262	19,898	32,148	4,243
Dividend Paid / Declared	(2,000)	(2,000)	(10,000)	-	-
Retained earnings	23,766	13,262	9,898	32,148	4,243
Balance sheet					
Fixed assets	1,512,181	1,490,945	1,468,991	1,446,339	1,423,767
Current assets	103,373	87,024	100,718	85,309	87,175
Creditors: amounts falling due within one year	(65,212)	(57,997)	(60,361)	(51,219)	(67,245)
Net current assets / (liabilities)	38,161	29,027	40,357	34,090	19,930
Total assets less current liabilities	1,550,342	1,519,972	1,509,348	1,480,429	1,443,697
Creditors: Amounts falling due after one year	(176,387)	(168,996)	(171,732)	(162,012)	(160,059)
Provisions for liabilities and charges	(5,218)	(5,735)	(6,166)	(7,485)	(5,962)
Net assets excluding pension liability	1,368,737	1,345,241	1,331,450	1,310,932	1,277,676
Pension Liability	(126,851)	(156,483)	(130,525)	(86,382)	(70,192)
Net assets including pension liability	1,241,886	1,188,758	1,200,925	1,224,550	1,207,484
Capital and reserves					
Called up share capital	795,060	795,060	795,060	795,060	795,060
Capital conversion reserve fund	6,145	6,145	6,145	6,145	6,145
Profit and loss account	287,719	234,205	246,932	272,072	256,669
Grant reserve	152,962	153,348	152,788	151,273	149,610
Shareholders' funds	1,241,886	1,188,758	1,200,925	1,224,550	1,207,484

Corporate Information

Registered Office
Dublin Road,
Newtownmountkennedy,
County Wicklow

Company Secretary
Gerry Egan

Auditors
PricewaterhouseCoopers
Chartered Accountants & Registered Auditors

Bankers
Bank of Ireland
Ulster Bank
Allied Irish Banks
Rabobank Ireland
Danske Bank

Insurance Brokers
Willis Risk Services (Ireland Ltd)
Marsh Ireland

Solicitors
Arthur Cox
DFMG
Eugene F Collins
Kane Tuohy
McCann Fitzgerald & Co

Coillte Head Office
Dublin Road,
Newtownmountkennedy,
County Wicklow
Tel +353 1 2011111
Fax +353 1 2011199

SmartPly Europe Ltd
Belview,
Slieverue,
Waterford
Tel +353 51 851233
Fax +353 51 851130

Medite Europe Ltd.
Redmondstown,
Clonmel,
Co. Tipperary
Tel +353 52 6182300
Fax +353 52 6121815

CPP (UK)
Persimmon House,
Anchor Boulevard,
Crossways Business Park Dartford,
Kent DA2 6QH,
England
Tel +44 1322 424900
Fax +44 1322 424920

CPP European Sales Office
Boven de Wolfskuil 3B10,
6049 LX Roermond,
The Netherlands
Tel +31 475 399740
Fax +31 475 310271

Moylurg Rockingham Ltd.
The Visitor Centre Lough Key Forest and Activity Park,
Boyle,
County Roscommon
Tel +353 71 9673122
Fax +353 71 9673140

Notes

Notes

European
Business
Awards™
Winner
2012/13

Le haghaidh tuilleadh eolais maidir le Coillte,
téigh i dteagmháil linn ag:
Coillte,
Baile an Chinnéidigh,
Co Chill Mhantáin,
Éire.

Tel: +353 1 201 1111
Email: info@coillte.ie
www.coillte.ie

FSC®
www.fsc.org
FSC® C005714
The mark of
responsible forestry