Natural resources, responsibly managed

coillte

Annual Report 2011

You might be surprised to know that 90% of the wood products we manufacture are exported. Our Medite Flame Retardant wood panel product, for example, was chosen as the perfect solution for cladding the walls and ceiling system of Dubai International Airport.

You'll find Coillte products exported to some of the most surprising places...

For more information about Coillte, please contact us at:

Coillte
Newtownmountkennedy, Co. Wicklow, Ireland.
Tel: +353 1 2011111 Fax: +353 1 2011199 Email: pr@coillte.ie
www.coillte.ie

Annual Report 2011

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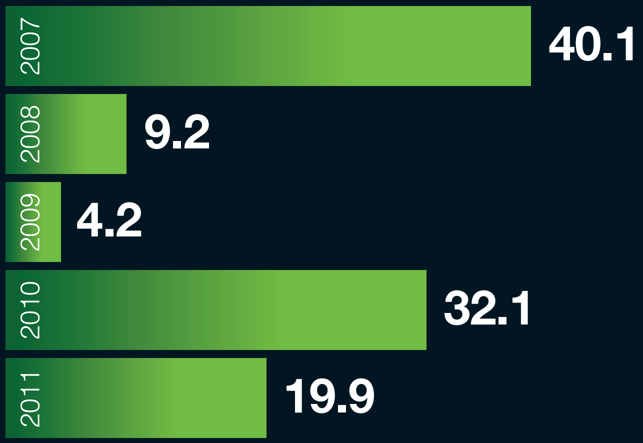
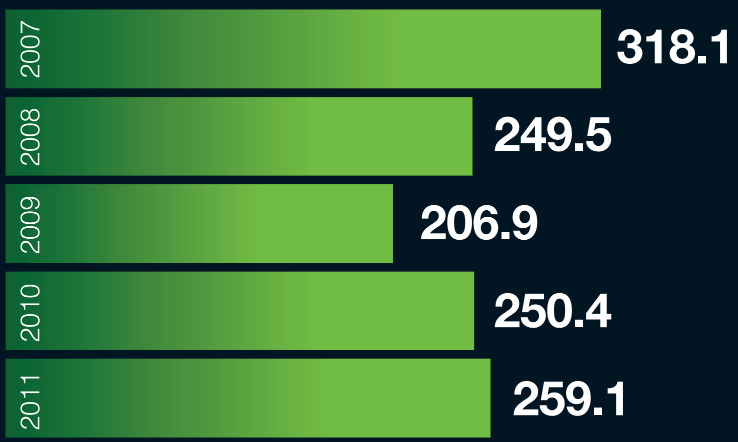
Group Performance

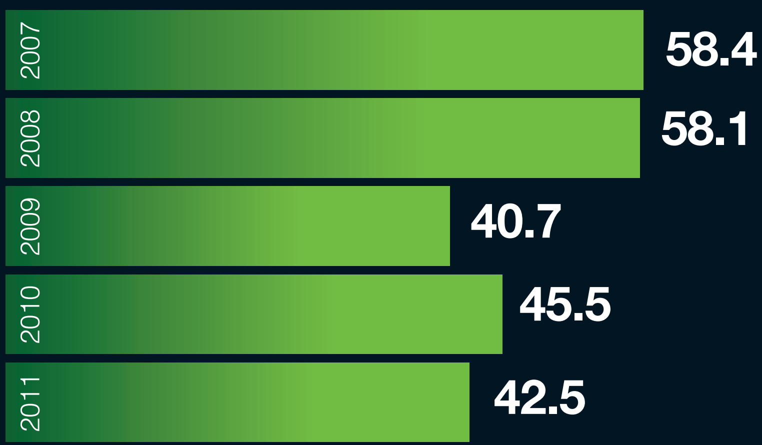
Profit After Taxation €million



Turnover €million



Capital Expenditure €million



2011 Highlights

- Profit after taxation of €19.9m resulting primarily from strong log prices in Ireland and improved prices for our panel products in the UK and other export markets.
- Group debt was successfully re-financed.
- €10m dividend paid to shareholders.
- Revenue from new products hit €12.5m, demonstrating the value of our investment in innovation.
- Cost savings of €4.4m achieved as a result of transformation programme.
- Planted approximately 14m trees on 5,641 hectares and upgraded 375km of forest roads, representing an investment of €34.5m in renewing and developing the estate.
- Launched Medite Tricoya, the world's first fully weatherproof "Extreme Durable MDF" wood panel product, developed in partnership with Accsys Technologies.
- Smart*Ply* Europe Limited was nominated in the Export Category in the HSBC European Business Awards.
- Planning permissions granted for wind farms in Cloosh Valley in County Galway and Sliabh Bawn in County Roscommon.
- World class sustainability credentials endorsed with achievement of 10 years of Forest Stewardship Council® (FSC®) Certification and its retention for a further 5 years.
- First biomass supply contract signed with Astellas Pharmaceuticals in County Kerry.
- Our Native Woodland Restoration Project, part of the EU LIFE Programme, was recognised by the European Commission as being in the top 6 projects in Europe in 2011.
- Network of Mountain Bike Trails extended to 5 with the opening of the first purpose built trail in the Dublin Mountains.

OUR BUSINESS IN 2011

Chairman's Statement

2011 was a successful year for the Coillte Group with excellent progress made on our key priorities. We delivered a strong financial performance with profit after tax of €19.9m, while consolidating our position as a leader and innovator in the sustainable management of natural resources.

In recent years we have transformed Coillte from a company wholly reliant on log sales in Ireland to an internationally trading forestry and forest products company and an innovative manager of land assets. This transformation of our business has enabled the company to grow and prosper despite the collapse in the Irish construction sector.

We have worked hard to increase our customer satisfaction and at the same time we have increased our levels of employee engagement through a concerted commitment to real engagement and communication. We have reduced costs through an ongoing strategic focus on every aspect of how we do our business and we have also made Coillte a safer place to work.

Leadership

Our strategy is built on our two core assets – forests and land - which we manage in a responsible way on behalf of our shareholders. All of our businesses are focused on adding value to these forests and land. We produce logs for the sawmill industry from our commercial forests and manufacture innovative, high value wood panels using pulpwood from our own and private forests as well as residues from sawmills.

Forests, sawmills and panel mills are interdependent and the integration of our forestry and panel products' businesses is a key competitive advantage and source of value for the Group.

In 2011 we continued to deliver on our strategy across our four key business areas - forestry, land management, panel products and renewable energy. We believe that this strategy is adding significant shareholder value in the medium term while also fulfilling important national objectives in areas such as renewable energy, export led growth and innovation.

Exports

As Ireland strives to emerge from the current recession exports are playing a key role in that recovery. Our businesses are part of a vibrant export oriented timber and timber products sector in Ireland, which accounted for €2 billion of output in 2011 or 1% of GDP.

Coillte is an increasingly export oriented business. 65% of our total revenue is derived directly or indirectly from export sales, in markets where we and our customers compete with leading European and international companies. We operate in open, highly competitive markets where revenue has to be earned without the benefit of regulated prices.

In 2011 Medite reached a significant production milestone with 7 million m^3 of Medium Density Fibreboard (MDF) panels produced by our plant in Clonmel since it was established in 1983. In addition, Smart*Ply* has manufactured 4 million m^3 of Oriented Strand Board (OSB) since it was set up in 1996. This represents 11 million m^3 of timber panel products produced in Ireland from Irish timber. 90% of this has been exported, equating to €2.25 billion worth of timber panel products shipped from Ireland across the world from our two manufacturing plants.

Our ability to add value to the wood fibre we grow is a key element of our strategy for the future. We are investing in our manufacturing capability to continue to meet and exceed customers' expectations. We are at an advanced planning stage for a major investment in our Smart*Ply* factory at Waterford Port which will allow us to add significant value to the products we produce, securing jobs and generating new market opportunities for us.

We continued to work closely with our sawmill customers in 2011 to develop new markets in the UK and elsewhere for Irish construction timber and it is through these relationships and initiatives that we will continue to grow our business.

Coillte exports of MDF and OSB top €2.25bn

In June 2011 Coillte announced that Medite Europe, the leading producer of MDF and part of Coillte's Panel Products Division, had reached a significant production milestone with 7 million m^3 of panels produced in its Clonmel factory since it was established in 1983.

In addition, Smart*Ply* Europe in Waterford, also part of Coillte Panel Products, has manufactured over 4 million m^3 of Oriented Strand Board (OSB), a structural panel board used in construction, since it was set up in 1996.

This amounts to a total of 11 million m^3 of timber panel products produced in Ireland from Irish timber with an estimated value of €2.5 billion. With 90% of these products exported, €2.25 billion worth of timber panel products have been shipped from Ireland over the life of these plants to markets all over the world.

Coillte Panel Products is unique in Europe because we are part of the company which owns the forests and hence the raw material – wood fibre – which we use to make our panel boards. This means we can guarantee supply to our customers in a way which other producers cannot. As markets for these value added products improve, fibre security is increasingly becoming an issue for our customers and highlights the strength of the Coillte Group strategy as an integrated forest products company.

Innovation

We have a strong emphasis on innovation across all business areas in the Group and we have demonstrated the ability and expertise to create new products and new uses for our wood fibre. Our partnership with Accsys Technologies in the development of Medite Tricoya – the world's first fully weatherproof wood panel - is just one example of what we can achieve. This innovative new product was launched in 2011 to a very positive reception. We have a pipeline of ideas across the Group that are being captured and developed in a systematic way and we are confident that this commitment to innovation will deliver further value to our shareholders in the future.

The proof of this commitment to innovation is revenue from new products grew to €12.5m during 2011.

Timber and timber products like OSB and MDF have never been more relevant as global demand for sustainable building materials increases. While the construction sector in Ireland continues at very modest levels of output the long term future for the timber sector globally is positive. We believe we have the ideas and the capability to meet these new demands and challenges and secure our position as a leading player in these markets.

Innovative new products such as Medite Tricoya are pushing the boundaries for timber and we will continue to play a key role through our commitment to innovation and sustainability. Building regulations and customer demands for sustainable building materials will all play a positive role in our future.

Sustainability

We are committed to sustainability in every thing we do. Our core purpose is to enrich lives locally nationally and globally through innovative and sustainable management of natural resources.

In 2011 we celebrated ten years of Forest Stewardship Council® (FSC®) certification and following a major audit, retained it for a further five years, demonstrating our leadership in the sustainable management of natural resources and our commitment to delivering a positive result across a "triple bottom line" of economic, social and environmental objectives.

FSC® Certification is one way in which we demonstrate that commitment. In addition, we have been reporting for the last two years on our performance in this area through our "Sustainability Report". We use the Global Reporting Initiative (GRI) framework to measure and report progress and activity under Social, Economic and Environmental headings.

As we improve on our performance against key benchmarks we will continue to enhance the quality of our reporting and continue to set ourselves challenging targets.

Thanks

On behalf of all the people who work in Coillte I would like to say thanks to our customers, contractors, suppliers and business partners for their business and continued support. 2011 was another difficult year for many businesses and 2012 is proving not to be any easier. We are committed to working in partnership with our customers and stakeholders as we manage our way through the current difficulties.

On behalf of myself and the Board I want to acknowledge the encouragement and assistance 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 2011.

For my part I would like to thank my Director colleagues for their work during the year and indeed all those I have had the pleasure to serve with on the Board of Coillte during my 10 years as Chairman.

I would also like to join with my fellow Directors in thanking the people who work throughout the Group for their tremendous efforts over the last 12 months. This is a challenging time for every business and Coillte is no exception. Employees have continued to show their commitment and enthusiasm in delivering on challenging objectives and I wish them all the best for the future.

The Future

On 29th September 2011, the Minister for Finance, the Minister for Public Expenditure and Reform, and the Minister of State for NewERA, announced the establishment of NewERA and the Strategic Investment Fund under the National Treasury Management Agency (NTMA).

NewERA's functions were to include: the corporate governance from the shareholder perspective of the commercial semi state companies ESB, Bord Gáis, Eirgrid, Bord na Mona and Coillte, and, where requested by Government, advising on, and if appropriate overseeing, any restructuring or disposal of commercial semi state company assets.

The Board and management of Coillte have been actively engaged in recent months with our shareholders and NewERA in assessing potential options for the sale of the company or certain assets. We expect this work to continue through 2012.

While the future of Coillte is under consideration we will continue to drive the business with the same focus and commitment that has characterised Coillte's performance in recent years.

Our success has been achieved through execution of a coherent strategy based on adding value to forests and land while developing deep relationships with customers at home and abroad, improving efficiency, developing a pipeline of innovative products and services, while at the same time providing a range of social and environmental services at no cost to the taxpayer.

The challenges and opportunities which face Coillte are many and varied and I believe that the organisation has never been better placed to make a really significant contribution. Beyond 2012 the relevance of Coillte has never been clearer. Forestry companies of the future are about more than the trees they manage and the sustainable and innovative products that they and their customers produce. Exports and jobs in Ireland will be underpinned by our success in this area. But forests are also places to store up carbon, for people to enjoy nature and escape everyday stresses and strains, as well as habitats to be protected for rare or endangered plants and animals. We are doing all that right now all over Ireland, on behalf of all our stakeholders.

In my 10 years as Chairman of Coillte I have been proud to play a role in the transformation of Coillte from a traditional forestry company to an integrated forestry and forest products organisation, which is internationally recognised for the innovative and sustainable management of natural resources. I wish all the people of Coillte best wishes and a bright future.

Brendan McKenna.

Brendan McKenna

Chairman

Ireland recognised in top 6 in Europe for biodiversity

Coillte's native woodland restoration project received an award in 2011 from the Member States of the European Union for being among the top 6 "Best of Best" LIFE Nature projects assessed. The presentation was made to Coillte by European Commission's Directorate-General for the Environment during Green Week 2011 in Brussels.

Coillte has been successful in securing funding for EU LIFE Projects in Ireland, making us the leading player in nature conservation and habitat restoration in Ireland.

This is the highest level of international recognition that is possible for a LIFE Nature project to achieve within the framework of the LIFE Programme itself and illustrates how highly Coillte's LIFE projects are regarded nationally and internationally.

Between 2006 and 2009, in one of the largest projects of its kind to take place in this country, over 550 hectares of very rare native woodland habitat were restored through the removal of exotic species and creation of conditions to allow natural regeneration of native trees to take place into the future.

Woodland restoration was undertaken at 9 of Coillte's forest sites across the country.

For further information on the project visit: www.woodlandrestoration.ie

Board of Directors

Brendan McKenna | Alma Kelly | David Gunning | Oliver McCabe | Yvonne Scannell | Denis Byrne | Breffni Byrne | Frank Toal | Seamus Murray

Brendan McKenna
Chairman

Brendan was reappointed by the Minister for Agriculture, Fisheries and Food as Chairman during 2007, for a second 5 year term. He was formerly Chief Executive of Abbott Ireland Manufacturing Operations and is a past President of the Chambers of Commerce Ireland. He chairs the Remuneration Committee.

Board Meetings attended 2011: 10 out of 11

David Gunning
Chief Executive

David has been Chief Executive of Coillte since July 2006.

He commenced his business career with Hewlett Packard in 1987 and joined Tellabs Inc in 1988. He subsequently spent four years with Integral Access, Inc. David returned to Ireland in 2003 and joined ComReg, the Commission for Communications Regulation, where he was a member of the senior executive team.

Board Meetings attended 2011: 6 out of 6
(Director from January to June 2011)

Breffni Byrne

Breffni was reappointed to the Board during 2007 following an initial 5 year term. He is Chairman of NCB Stockbrokers and Aviva Insurance Europe SE and a non-executive Director of Tedcastle Holdings Limited, Cpl Resources Plc and Hikma Plc. A chartered accountant, he was formerly a Senior Partner in Arthur Andersen in Ireland. He chairs the Audit and Risk Committee and is a member of the Remuneration Committee.

Board Meetings attended 2011: 11 out of 11

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 2011: 11 out of 11

Alma Kelly

Alma was appointed to the Board in 2008. She is an associate solicitor in Arthur Cox, Dublin, specialising in projects, procurement and energy law. She holds a degree in Law and European Studies from the University of Limerick and a Masters in Law from Trinity College Dublin. She was admitted as solicitor in Ireland in 2003 and is a member of the Society of Construction Law (UK). She is a member of the Audit and Risk Committee.

Board Meetings attended 2011: 10 out of 11

Oliver McCabe

Oliver was appointed to the Board of Coillte in October 2011 as a worker representative. Oliver joined Coillte in March 1985 and worked in harvesting for ten years. He was appointed an Area Foreman in July 1995. He was on the SIPTU National Committee as an employee representative and also sat on the SIPTU Committee representing Area Foremen in the North West.

Board Meetings attended 2011: 2 out of 3

Frank Toal

Frank was appointed to the Board in 2003. He was formerly Chief Executive of the General Electric subsidiary ECCO, an electronics manufacturing company based in Dundalk, Co. Louth. He is a past President of the Chambers of Commerce of Ireland and is now a business consultant. He is a member of the Audit and Risk Committee.

Board Meetings attended 2011: 11 out of 11

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 as well as being at various stages Chairman and member of both the Mid-East and Southern and Eastern Regional Assemblies.

Board Meetings attended 2011: 11 out of 11

Yvonne Scannell

Yvonne Scannell is a Professor in the Law School, Trinity College, Dublin where she specialises in Irish and European Environmental Law and Policy. She served on the Advisory Board of the Environmental Protection Agency from 1994-1997 and was a founder member and first Chairperson of the Irish Association of Environmental Law. She has been a consultant to the Environmental Law Group at Arthur Cox since 1990. She is a Director of Tara Mines Ltd. She is a member of the Remuneration Committee.

Board Meetings attended 2011: 9 out of 11

Directors' Expenses

The aggregate expenses paid to Directors in 2011 were €12,427 (2010: €16,192). These mainly relate to travel expenses.

First mountain bike trail officially opened in Dublin mountains

Minister Varadker cutting the ribbon to officially launch the trail.

A new 8km Mountain Bike Trail in Ticknock Forest near Sandyford, Dublin was officially opened by Minister Leo Varadkar TD, Minister for Transport, Tourism & Sport in May 2011.

This flagship project of the Dublin Mountains Partnership (DMP) is the first official, purpose built mountain bike trail in the Dublin Mountains.

The trails were designed by the Coillte Recreation Team on behalf of the Dublin Mountains Partnership. The new trails are a very exciting and important addition to the outdoor recreation infrastructure that is managed by the DMP and will provide a wonderful resource for the citizens of Dublin and tourists alike.

Forests and public lands represent a huge resource for the people of Ireland delivering health benefits and enjoyment as well as supporting local jobs through tourism. Visits to forest sites such as Ticknock, in the Dublin Mountains, are estimated to deliver over €270 million to the tourism sector nationally each year. The DMP has worked hard over the last few years developing new trails such as the Dublin Mountains Way and now this new mountain bike trail all of which make the Dublin mountains a great place to visit.

This trail is the latest to join the network of mountain bike trails built and managed by Coillte around the country.

For more information visit:
www.coillteoutdoors.ie

Group Executive Team

David Gunning

Gerry Egan

Ivan Schuster

Mark Foley

Gerard Murphy

Gerard Britchfield

Eamonn McGee

David Gunning
Chief Executive

David has been Chief Executive of Coillte since July 2006. (See his biography in the Board of Directors section.)

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.

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.

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 €1 billion 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.

Gerard Britchfield
Managing Director, Coillte Panel Products

Gerard has been 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.

Gerard 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.

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).

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.

MEDITE TRICOYA® Launched at Timber Expo 2011

The Timber Expo 2011 trade show in Coventry in the UK saw Coillte's Medite Europe Ltd and our partner Accsys Technologies jointly launch Medite Tricoya®, a major innovation in the wood panel industry. This unique, "extreme durable" wood panel product has an expected life span of 50 years and will lead to a new generation of wood based panel products for exterior and wet area applications.

Medite Tricoya's high performance characteristics signify a real breakthrough for the industry. Medite Tricoya demonstrates outstanding durability and stability and can be used in the most extreme and challenging environments. It can be cut, coated, coloured, sanded, stuck and fastened the same way as any other wood fibreboard. Its key applications include: exterior cladding, facades, signage, entrance doors, outdoor, interior, wet furniture, flooring and shipbuilding.

Chief Executive's Review

2011 saw a continuation of the successful transformation of Coillte into a dynamic, export-led business focused on the innovative and sustainable management of natural resources.

This continuing transformation has been the key focus of the management team over the past five years. During this time we have successfully executed a strategy focused on adding value to our forest and land assets.

Partnering with Customers

The biggest business challenge faced by Coillte and our Irish sawmill customers in particular in recent years has been the collapse of the Irish construction sector, which historically has been the mainstay of our business. This dramatic fall in the number of houses and apartments built annually from 90,000 in 2006 to under 10,000 today has resulted in a huge reduction in demand for wood products in Ireland. This has prompted us to re-focus our business on export markets and to create new, innovative, value added products and services across the business.

In our forestry business our partnership with our sawmill customers has resulted in a shift from a position five years ago where less than 10% of sawmill output was exported, to a position today where over 60% is exported primarily to the UK but also to other European destinations and as far afield as Turkey.

Our panel products business, which manufactures Smart*Ply* oriented strand board (OSB) and Medite medium density fibreboard (MDF), has always been export led and some 90% of our sales in 2011 were in export markets. Our products were used in everything from garden sheds to iconic building projects in Dubai, Qatar and Singapore.

In the renewable energy sphere we worked with over 50 private and State enterprises in the development of windfarm projects where we were able to provide vital land to site wind turbines, enable access for construction of projects and provide wayleaves to facilitate export of electricity from these sites. We have also made significant progress in identifying opportunities in the utilisation of biomass for energy, primarily in the industrial heat sector, displacing traditional fossil fuel with renewable energy sources.

Coillte was a key partner in the roll out of the National Broadband Scheme designed to provide improved broadband access in rural areas. We provided 107 out of the 400 sites. Coillte's network of mast sites is key to the enhancement of mobile phone and broadband coverage in rural areas and we are working closely with all of the telecoms service providers to enable them to enhance their services to their customers.

A Progressive Business

Coillte occupies a unique position as owner of 7% of Ireland's national territory. In addition to providing economic and commercial benefits to our shareholders in the form of profits, dividends, employment and export earnings we also provide a wide range of public goods and services.

In 2011 Coillte achieved a significant milestone in forest management. Our forests were first certified by the Forest Stewardship Council® (FSC®) as 'managed responsibly' in 2001 so 2011 completed a decade of independent assurance that our forests are managed responsibly in accordance with stringent environmental, social and economic criteria. We are playing a leadership role in policy formulation at national level. Our forest and land assets are playing a central role in the pursuit of national policy objectives ranging from renewable energy to tourism to job creation and we are working with relevant Government Departments and agencies to help achieve these objectives.

A Vibrant and Competitive Organisation

We have accelerated improvements in the performance of our legacy forestry business and targeted new business opportunities while transforming how we run our business. Innovation has been central to this transformation. We have set and exceeded targets for revenues from new products and services and identified changes to our business models that are driving margin improvement across our businesses. We recognise that enhancing our innovation capability is the key to the growth of our business and we are implementing a strategy to embed this capability.

We have also succeeded in other aspects of performance improvement including head-count and other cost reductions and implementing a robust performance management system while improving employee engagement, investing in learning and development and improving health and safety performance.

A Profitable Commercial Business

Ultimately success for a business is determined by the bottom line. Unlike Coillte, which operates commercially as a standalone State enterprise, most State forest organisations across Europe receive a significant subvention from the taxpayer to provide public goods and services.

In 2011 we achieved a profit of €19.9m after exceptional items and we paid a dividend of €10m. After two difficult years in 2008-9 when the Irish construction sector collapsed we succeeded in stabilising our business during 2010 and 2011. We are confident that we can achieve sustainable profits based on a lower cost base and new revenue streams. Increasing profits and generating cash for reinvestment and to pay dividends remain a constant challenge, given the exposure of our various businesses and our customers to challenging trading conditions.

Outlook

The immediate outlook for Coillte remains very challenging as consumption of wood products is closely correlated to GDP. The prospect for low growth in 2012-13 means there is unlikely to be much increased demand for the foreseeable future at least.

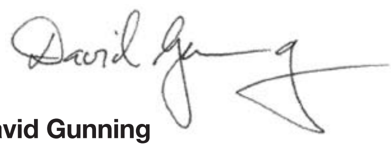
In the medium term we believe the prospects for Coillte are good for a number of reasons. First, we expect that European demand for wood will increase as part of a broader trend towards new, more energy efficient building methods with a focus on sustainable materials. Timber components, including sawnwood and wood panels will be at the heart of these new building methods and Ireland is well placed to supply these elements to the UK market in particular.

Second, industry commentators are forecasting a significant increase in the demand for wood for use in renewable electricity and renewable heat applications to replace fossil fuel and nuclear plants.

Third, Coillte is well placed to avail of opportunities in other sectors in Ireland. We have already demonstrated a capability to exploit market opportunities in markets such as wind energy and telecoms infrastructure and we are confident that we can increase the value of our assets and improve profitability by utilising our land for these and other purposes.

Given these business opportunities along with the increasing demand for other public goods and services we consider that Coillte has never been more relevant and we are very optimistic about the future. In 2012 we plan to develop a new strategy for the Group covering the period 2013-2017 in which we will lay out how we believe Coillte can achieve the next stage on its journey of transformation as an innovative and sustainable manager of natural resources.

I would also like to take this opportunity to thank Brendan McKenna, whose term as Chairman will end in October 2012, for his significant contribution to the development of Coillte over the past 10 years. On behalf of everyone in Coillte I would like to recognise his enthusiasm, encouragement and guidance, which has been critical to the transformation of Coillte over the past decade.



David Gunning

Chief Executive

Coillte celebrates 10 years of FSC® certified forest management

David Gunning and Kevin McCloud at FSC10 event Aviva Stadium, Dublin

2011 marked a major milestone for Coillte – 10 years of Forest Stewardship Council® (FSC®) Certification. We hosted an event at Dublin's Aviva Stadium with Kevin McCloud writer, designer and television presenter best known for Channel 4's Grand Designs, to celebrate this achievement.

FSC® certification is an independent endorsement of our management of our forests and has been a major factor in allowing Coillte and our customers to increase exports of timber and timber panel products. The event also recognised the role of all of Coillte's customers, contractors and stakeholders in maintaining this certification and was attended by approximately 200 people.

FSC® Certification gives our customers and stakeholders the assurance that we meet strict environmental, social and economic criteria in managing our forests.

Forest certification extends to all areas of forest management – wood production, nature conservation, stakeholder consultation, recreation management, environmental protection and community relations.

Our timber panel products manufactured in Clonmel and Waterford Port - Medite MDF and Smart*Ply* OSB - are also FSC® certified, enabling us to increase our exports to markets in the UK and Europe.

Securing and maintaining an internationally recognised certification such as FSC® for our forestry management over the last 10 years is a clear demonstration of our commitment to the innovative and sustainable management of natural resources.

Coillte Forest

Coillte Forest manages all aspects of the Group's forestry business including the establishment, protection and management of forests. We also provide a wide range of products and services such as timber harvesting, sales and marketing, recreation and environmental management services to our customers and stakeholders.

2011 saw excellent progress in Coillte Forest. A key strand in our strategy is to transform Coillte Forest into a cost efficient, progressive business, fit for purpose and better able to serve customers. With the support and enthusiasm of the people working across the whole Group we have seen some major changes which have set the foundations for this restructuring.

We are proud to have been certified by the Forest Stewardship Council® (FSC®) which demonstrates that we manage our forests in a responsible way, balancing their economic, social, and environmental contribution.

Economic Performance

The division had a strong financial performance based on good log prices, increased demand from our panel mill customers and a focus on cost control across every aspect of our business.

Overall roundwood sales were 2.35 million m^3, up 4% on 2010, while the volume of saw-logs supplied to our customers was up 66,000 m^3 or 5%.

Sawmills continued to invest in upgrading their value adding capabilities to meet the increasing opportunities in the UK market and exported strongly into the UK and other mainland European countries, while domestic demand continued to be weak.

Our sales of wood into the emerging agriculture and equine bedding market increased by 40% during 2011 and we are now supplying material to some of the leading export businesses in this sector.

Coillte Panel Products continued to be a key outlet in 2011 for both Coillte and private sector timber. Our ability to guarantee security of fibre supply to our MDF and OSB mills is a key component of our Group strategy that differentiates Coillte from its competitors across Europe.

In 2011 we invested €34.5m in planting approximately 14m trees on 5,641 hectares, renewing and reforesting our existing estate and building and upgrading 375km of forest roads.

Environmental Performance

Coillte manages approximately 20% of its estate primarily for biodiversity enhancement. This means that the primary objective in these areas is to maintain or enhance their biodiversity value through a variety of management techniques.

In January 2011, we commenced work on a second raised bog restoration project, in which 636 hectares of raised bog habitat on the Coillte estate was targeted for restoration. This project is managed by Coillte, with financial support from the EU LIFE Nature programme and the National Parks and Wildlife Service.

We also received recognition for high standards in nature conservation when our Priority Woodland Restoration Project, part funded by the EU LIFE Programme, was recognised by the EU as one of the top 6 projects in Europe in 2011.

Social Performance

We added to our network of mountain bike trails in 2011 with the opening of the first trail in the Dublin Mountains at Ticknock, delivering on our commitment of enhancing people's enjoyment of nature.

Coillte's Recreation Team also advanced a number of partnerships in 2011. These included the Wicklow Way Management Partnership which undertook two major reconstruction projects on Coillte lands. Coillte and Cavan County Council secured resources under Interreg Funding to commence a significant development of the Burren Forest in County Cavan as a gateway facility for the International Geopark in Cavan/Fermanagh. Coillte and the National Parks and Wildlife Service completed a feasibility study on the establishment of a wilderness area in the Nephin Beg Range in North West Mayo. The Irish Sports Council (ISC) and Coillte also renewed the very successful Recreation Trail Managers Programme for a further three year period. This has operated since 2008 providing technical support to the ISC and a valuable resource to Coillte.

Outlook

In 2012 the business environment for Coillte Forest will continue to be challenging with a slow domestic construction sector and potential for fluctuations in exchange rates.

The market for construction grade timber in the UK has continued to perform well for our sawmills customers in 2012, mainly because their Scandinavian competitors have reduced supply into that market. However, the demand from the panel board sector continues to be volatile and is likely to remain so throughout 2012 as a result of weak economic growth across Europe.

We expect the level of house building activity to decline through 2012 in Ireland and we do not expect to see improvement until 2013 at the earliest.

2012 will see Coillte Forest continue to focus on cost reduction and delivery of its transformation programme including putting a new organisation structure in place, with a stronger customer focus and delivering benefits to all our stakeholders under the economic, social and environmental agendas.

Fourth National Trails Day largest ever

Taoiseach launching National Trails Day 2011

The Taoiseach, Mr Enda Kenny, TD launched National Trails Day 2011 which took place on Sunday 2nd October. In its fourth year, the event was bigger than ever with activities all over the country, North and South, including walking, cycling, equestrian and water trails.

The events included a range of exciting outdoor events including canoe and kayaking, mountain biking, trail conservation work, nature and heritage walks, horse-riding on equestrian trails, family orienteering and family cycling. There was a Ghost Walk at the Hell Fire Club in the Dublin Mountains, a fancy dress paddle on the River Liffey, an Edible Coast trail on Cape Clear Island in Cork and a High Nelly Bike Trail, in Durrow Co Laois.

National Trails Day is an all-Ireland event organised by Coillte along with the Department of Environment, Community and Local Government, the National Trails Office of the Irish Sports Council and Fáilte Ireland along with the Countryside Access & Activities Network in Northern Ireland and is aimed at increasing awareness about the fantastic recreation opportunities in the Irish countryside and encouraging people to experience a trail in their locality.

Coillte has invested heavily in recreational facilities on our lands over the last number of years with our partners and in addition to the events on National Trails Day these trails are open to the people of Ireland all year round.

For more information visit:
www.nationaltrailsday.ie

Coillte Panel Products

Our Medite Ecologique wood panel product - with zero-added formaldehyde - is the material of choice in some of the most iconic construction projects around the world, including the stunning new Art Museum in Qatar.

Coillte Panel Products is an innovative manufacturer of wood panel products and a significant player in the European panel products sector. Our brands, Medite MDF made in Clonmel and Smart*Ply* OSB made in Waterford Port, benefit from being part of the integrated Coillte Group as fibre security continues to be an important competitive advantage. The Division has sales and marketing teams in the UK, Ireland and the Netherlands.

Coillte Panel Products delivered a good financial performance in 2011. Turnover increased by almost 6% to €154m, with over 90% derived from export sales. The UK remains our largest market comprising almost 59% of turnover. Despite challenging market conditions, turnover in this market increased by 1.5% in 2011 due to a combination of excellent distribution channels, strong brands and success in displacing sales of plywood in some markets. Turnover into other European markets increased by a strong 21% during 2011 and now represents 31% of our overall sales revenue. This improvement in sales is particularly heartening as we have worked hard in recent years to develop new channels to market in a number of targeted European countries.

Our sales growth in 2011 has been built on a strong platform of impeccable sustainability credentials and a healthy innovation pipeline. Medite and Smart*Ply* are Forest Stewardship Council® (FSC®) certified, differentiating them from many competitors and substitute products. These sustainable timber products play a key role in building towards a carbon neutral future.

An integral part of the Coillte Panel Products approach is its commitment to innovation, in the form of both new product development and process improvement. In 2011, we brought three new products through our innovation process to prototype stage – Medite Tricoya, Smart*Ply* Ecobatten and Slip Resistant OSB Flooring.

We also continue to invest in our facilities to optimise process efficiencies and reduce costs. In 2011, we completed a substantial upgrade to our effluent treatment plant in

Medite – this is now delivering significant efficiency and environmental benefits. We also commenced the first phase of a significant investment to reduce our resin usage in Medite. We also made excellent progress during the year on our plan to invest in the renewal of our Smart*Ply* plant on the basis of a value added business model subject to shareholder approval. Following a structured procurement process, we have selected a preferred supplier for the key elements of the enabling technology package that will underpin the renewal project.

We were also pleased to receive external recognition in 2011 of our efforts to transform the business - Smart*Ply* was nominated in the Export Category of the HSBC European Business Awards as one of 10 country representatives for Ireland. Approximately 600 companies applied for the awards in Ireland.

We also maintained a strong focus on health and safety management in the Division during 2011, delivering a significant improvement in the OSHA rate (an internationally recognised health and safety benchmark) in both Medite and Smart*Ply* compared to 2010.

Outlook

The economic environment in which we are operating is forecast to remain challenging with declining growth in Europe and UK. Real GDP growth in the EU is forecast to decline from 1.5% in 2011 to virtually zero in 2012. Germany which was one of the key engines of the demand recovery experienced through 2010 and 2011 is forecast to experience a significant slowdown in GDP growth, with a similar outlook in the UK.

We continue to be very positive over the medium term for the business given the strength of our brands and market positions and the ongoing drive for energy efficient construction across Europe. Panel products are a key part of the off site construction method of building which is increasingly the direction the construction sector is moving in order to deliver energy efficient building solutions. The proposed changes in Part L of the building regulations in the UK are a good example of this trend in action. Consumers are also increasingly focused on the sustainability credentials of the construction products they use. Our innovation activities are focused on ensuring that we are well positioned to deliver solutions for our customers in those market segments that we supply.

Minister Coveney visiting Coillte's Smart*Ply* factory at Waterford Port

Minister Coveney in Smart*Ply* factory

2011 saw Minister for Agriculture, Food and the Marine, Simon Coveney TD visit Coillte's Smart*Ply* OSB manufacturing plant at Waterford Port as the team made great progress on a proposed reinvestment in the facility.

OSB or Oriented Strand Board is a timber panel product made from Irish trees and used in the construction industry both in Ireland and in export markets. It is increasingly being used as part of an off site construction approach where fully sealed wall panels are manufactured in a factory environment before being put up on site.

We are planning a significant investment in the Smart*Ply* factory to allow us create more value added products and help secure jobs in the plant itself and those in the region whose jobs depend on the plant indirectly.

2011 also saw Smart*Ply* Europe selected as one of 10 Country Representatives for Ireland in the European Business Awards sponsored by HSBC.

Coillte Enterprise

Coillte Enterprise is the venturing arm of the Group and seeks to identify new business opportunities and extract value from the Group's broad asset base. It comprises our renewable energy business – wind and biomass, telecommunications masts and related infrastructure, land sales and development, Coillte Nurseries, Coillte Wood Products and Coillte Training and Safety Services. 2011 saw significant progress on the delivery of our strategic objectives, despite a very challenging economic environment in Ireland.

Wind

Coillte is a significant player in the wind farm development sector in Ireland with a portfolio of 11 projects in 9 counties with the potential to generate over 400 MW of electricity. We work in partnership with State and private companies to manage projects through all the various stages of the process of planning and building a wind farm.

In 2011 we continued to deliver on our strategy to add value across the entire site portfolio. Planning consent was secured for Phase 2 of the Cloosh Valley project in Galway. Following a positive planning decision from Roscommon County Council in respect of our wind farm project at Sliabh Bawn, the decision was appealed to An Bord Pleanala. Since year end the original decision to grant planning permission for Sliabh Bawn was upheld by An Bord Pleanala and revised planning application was approved for the Raheenleagh project in County Wicklow, which will maximise the financial returns on the project.

The preferred turbine supplier was selected for the Straness project in County Donegal, and an invitation to tender was issued for the civil and electrical engineering works on the project. Gate 3 grid connection offers were received on all projects and offers accepted on Cloosh Valley and Raheenleagh, which allows us drive value on these projects during 2012.

Major progress has also been made in advancing key policy issues in wind energy and Coillte continues to establish a strong advocacy role in renewable energy. Our Chief Executive spoke at the Irish Wind Energy Association (IWEA) Autumn Conference in Killarney on the €10 bn inward investment opportunity for Ireland that exists in wind energy.

Telecommunications Masts

Coillte manages a portfolio of 110 telecommunications mast sites across the country, with 400 individual masts operating on these sites, which demonstrates our position as a leading player in Ireland's telecoms infrastructure. A comprehensive Telecoms Strategy was completed in 2011 which set out an ambitious programme for Coillte to grow its position in the telecoms sector over the next 5 years.

In 2011 we also developed a new telecoms website and rolled it out to our customers, allowing them access to detailed technical information on our full portfolio of sites thus enabling radio planners to optimise and enhance the design of their networks with reference to Coillte's infrastructure offer.

We also commenced a procurement process in late 2011 for partners who can assist Coillte with providing fibre optic infrastructure to our existing radio mast network. This new development will place Coillte's infrastructure at the cutting edge of support for next generation high capacity mobile devices.

Biomass

In our Biomass business we signed our first long term fuel supply contract with an industrial renewable heat customer in September – pharma company Astellas in County Kerry. This represents a major milestone for the business.

Given our logistics and haulage infrastructure and our knowledge of this market we see significant opportunities for Coillte in this sector. We continue to work with our partners Sisk / CES to develop opportunities in this area.

Land

Despite the downturn in property sales, Coillte delivered 49 individual property sales in 2011, in line with the number of sales in 2010. The market is expected to deteriorate further in 2012 but we will continue to make land available for a range of community and agricultural projects as well as pursuing any commercial opportunities that may arise.

Outlook

The market and business environment for Coillte Enterprise in 2012 will continue to be challenging.

However, the opportunities in Telecoms are considerable as we leverage our position as a leading infrastructure provider in an environment where the roll out of LTE (the next generation technology required to support the data demands of smart phones, video etc.) is expected to pick up considerable pace in 2012 driving a demand for sites with fibre optic cable connections to the network.

In wind energy, a renewed focus on the export of renewable energy, with construction commencing on the electricity interconnector to the UK, will deliver opportunities for participation in large scale projects with potential joint venture partners.

The operating environment for our land business continues to be very difficult with potential buyers experiencing difficulty in accessing funding for property transactions and the decline in the construction industry, which is reflected in projections for a maximum of 10,000 new houses in 2012.

Despite these market difficulties, we will continue to progress on a number of land and energy sales and we will deliver on our clear strategies and plans in wind energy, biomass and telecoms.

First major industrial biomass contract won

Coillte delivering biomass into Astellas Plant.

Coillte and Astellas Ireland Ltd announced in October 2011 the conclusion of a 5 year agreement for the supply of biomass fuel for a new 1.8MW boiler in the Astellas pharmaceutical facility in Killorglin, Co. Kerry. The first deliveries of wood chips from Coillte to Astellas Ireland have since begun.

Astellas Ireland Ltd operate a state of the art pharmaceutical facility in Killorglin, Co. Kerry. The facility serves the worldwide market as the manufacturing base for the formulation and packaging of Prograf and Advagraf, drugs used in the treatment of organ rejection in transplant surgery. Over 300 people are employed at the plant.

This contract was a significant milestone for Coillte - our first contract to supply biomass material for an industrial heat application. Biomass can play an important role in reducing greenhouse gas emissions and mitigating climate change and this contract will displace fossil fuels at the Astellas Killorglin facility. This is also an important commercial development for Coillte which will also have a positive impact on the South Kerry region through the development of a local biomass energy supply chain.

Both Coillte and Astellas Ireland Ltd are committed to a biomass strategy that matches renewable energy requirements with local biomass supply, and we look forward to working closely together on this in the years ahead.

Financial review

Results

Group turnover increased by €8.7m (3%) during 2011 to €259.1m. Demand for logs remained strong as Irish sawmills consolidated their position in the UK market when a number of factors, including exchange rates, restricted the supply of sawn timber into the UK from Scandinavian countries. Demand for panel products and, in particular our MDF products, was very strong in Europe as the Group continued to diversify as a hedge against end market weakness in the UK and Irish markets. Log prices remained relatively stable in 2011 and despite weakness in UK and Irish markets, both MDF and OSB prices increased. Export sales account for 57% of turnover and 67% of this figure was sold into the UK market.

Operating profit before exceptional items fell from €46.1m in 2010 to €41.5m in 2011. The increased contribution from sales was offset by an increase in input costs, mainly electricity, resin and wood residue costs. Profit after tax fell from €32.1m in 2010 to €19.9m in 2011 however, the results include an exceptional charge of €9.1m compared with an equivalent charge of €1.4m in the previous year. Further details are provided in Note 5 to the accounts.

EBITDA for the group decreased from €65.5m to €60.5m, a fall of 8%. A reconciliation of EBITDA is included in Table 2 below.

Interest (including related bank costs) and financing charges for the year were €11.6 million, a decrease of €0.2 million on 2010. Interest charges on our overdrafts and loan facilities were €8.6m (2010:€9.3m) while the finance charge relating to the FRS17 finance costs associated with the pension fund deficit was €3.0m (2010:€2.5m). The underlying EBIT interest cover for the year was 3.8 times.

The Group tax charge for 2011 was €0.9m (2010:€1.3m).

Outlook

The economic environment continues to be extremely challenging. Following strong growth in sales in the first half of 2011, there was a perceptible fall in activity in the second half of the year with little prospect of recovery in 2012. Despite this, demand for logs is likely to remain stable as Irish mills take advantage of reduced supply from Scandinavian mills into the UK market. By contrast, weak demand in EU markets for panel products will increase the likelihood of supply from central and eastern Europe finding its way into the UK market. The Sterling exchange rate remains a significant issue for the Group and any adverse movement, particularly relative to the Swedish Krona, could have a significant impact on the Group's overall results and cash flows. The Group also continues to make significant progress in reducing operating costs and further improvement is expected to continue during 2012, mainly as a result of a reduction in staff numbers. Subsequent to year end, the Group renegotiated its loan facilities and has adequate resources in place to continue its capital investment programme over the next 5 years.

Capital Expenditure

The Group continued its capital expenditure programme in 2011 with €42.5m (2010:€45.5m) invested. A significant proportion of the expenditure was incurred in enhancing and maintaining the forest estate (€34.5m). Expenditure in 2010 included a significant investment in Coillte owned mast sites which was not repeated in 2011. However, an additional €2.7m was invested in the Group's wind development programme.

Net Debt and Gearing

At year end, the Group's net debt increased by €3.9m to €154.5m with headroom on existing undrawn facilities of €77.8m. Gross debt increased by €10m and cash balances increased by €6.1m. These figures include the payment of a €10m dividend to the shareholder. Gearing was 12.9% at year end and 59% of the debt portfolio was at fixed interest rates at 31 December. The ratio of net debt to EBITDA was 2.55 times and interest cover was 7.1.

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 2008 – Coillte and 1 January 2009 – Medite) indicated that the market value of the schemes' assets was €123.9m, which was €98.3m 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 is committed to making significant additional cash contributions to the Scheme including an up front contribution of €3m, and a committed €1.5m annual contribution over twelve years (indexed at 6.5% p.a.) and has agreed to transfer €30m non-cash assets to the Scheme of which €7m has already been transferred.

The Group continues to adopt the full requirements of Financial Reporting Standard 17 (FRS 17) retirement benefits' disclosure in its financial statements. The deficit on the fund at 31 December 2011, based on FRS 17 and calculated using the projected unit method, is €135.0m (2010: €89.2million) and is fully reflected in the Group accounts. The FRS 17 deficit has increased substantially since the last actuarial valuation and indeed on prior year as a result of a combination of negative returns during the year from the pension fund assets coupled with a decrease in the discount rate which has added approximately €24m to the Group's deficit. This increase in deficit occurred despite a number of measures taken by the Group since the last actuarial valuation, including additional payments of €15m transferred to the scheme since 2008 and the introduction of employee contributions in September 2009.

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 out flows and hence manage interest rate risk, the Group has a policy of maintaining at least 50% (2010: 50%) of its debt at a fixed rate. Further to this the Group 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 through hedging 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 certain 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.

Key Financial Performance Indicators

Table 1 – Key Financial Performance Indicators

	2011	2010
Revenue (€'m)	259.1	250.4
EBITDA (€'m)	60.5	65.5
EBIT (€'m)	32.3	44.6
Interest cover, excluding associates		
- EBITDA basis (times)	7.1	7.6
- EBIT basis (times)	3.8	5.2
Net Debt (€'m)	154.5	150.6
Net debt as a percentage of total equity (%)	12.9	12.3
Net debt as a percentage of fixed assets (%)	10.5	10.4
Net debt/EBITDA	2.55	2.30
Effective tax rate (%)	4.1	3.9

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

	2011	2010
EBIT	32,304	44,623
Adjustments		
Depreciation	10,255	10,259
Depletion	8,681	9,101
Amortisation of goodwill	118	118
Share of associate losses	50	50
Exceptional costs	9,131	1,392
EBITDA	60,539	65,543

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 2011.

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, engineered wood products and land development. The review of the business required by Section 13 (as amended) of the Companies (Amendment) Act, 1986 is included in the Chairman's Statement, Chief Executive's 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 €8.7m (3%) to €259.1m in 2011 as a result of strong demand for Irish logs in the UK market. This increased contribution from logs was offset by an increase in input costs that resulted in a fall in operating profit from €46.1m in 2010 to €41.5m in 2011. Exceptional items of €9.1m were charged to the Profit & Loss account (see Note 5 to the accounts for further details).

An interim dividend of €0.01585 per share representing a total payment of €10m was paid during the year (2010: €nil). The Directors do not propose payment of a final dividend.

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 2011 were as follows:

Brendan McKenna (Chairman)
David Gunning (Chief Executive)
Breffni Byrne
Denis Byrne
Oliver McCabe
Alma Kelly
Seamus Murray
Yvonne Scannell
Frank Toal

David Gunning retired from the Board on 25 July 2011 and was reappointed to the Board on 25 May 2012. Oliver McCabe was appointed to the Board on 24 October 2011.

The Directors and Secretary have no interests in the shares of the Company, its subsidiaries or associated undertakings.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland.

Irish company law requires the Directors to prepare financial statements for each financial year that give 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. 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 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 2009 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.

The Board has established a committee to review the Group's corporate governance obligations having regard to the provisions of the Forestry Act 1988; the company's memorandum and articles of association, the Code of Practice for the Governance of State Bodies and other best practice frameworks including the Combined Code. It also assesses how these obligations are met by the Group's current corporate governance systems and practice and recommend improvements where necessary. The members of the Committee during 2011 were Yvonne Scannell (Chairwoman), Alma Kelly and Gerry Egan (Company Secretary).

Board of Directors

During the year the Board consisted of the Chief Executive (retired on 25 July 2011 and reappointed to the Board on 25 May 2012), a non-executive Chairman and seven 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 5 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

Members: Breffni Byrne (Chairman), Denis Byrne, Alma Kelly and Frank Toal

The Audit Committee is composed of non-executive Directors, including a qualified accountant 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

Members: Brendan McKenna (Chairman), Yvonne Scannell and Breffni Byrne

The Committee operates under formal terms of reference and met once during the year. It assists the Board in implementing 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 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. Details of Directors' fees are set out in note 3 to the financial statements. 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 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 through their respective departments.

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 ethics 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 2011 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.

Brendan McKenna
Chairman

David Gunning
Chief Executive

Independent Auditor's report to the members of Coillte Teoranta

We have audited the Group and Parent Company financial statements (the "financial statements") of Coillte Teoranta for the year ended 31 December 2011, 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. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Parent 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 this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the Parent Company has kept proper books of account;
- whether the Directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the Company to convene an extraordinary general meeting of the Company; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review, the Division Reviews and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We review whether the statement regarding the system of internal financial control required by the Code of Practice for the Governance of State Bodies made in the Corporate Governance Statement reflects the Group's compliance with paragraph 13.1 (iii) of the Code and is consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We are not required to consider whether the Board's statement on internal control covers all the risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 the Parent Company's affairs as at 31 December 2011 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 2009 and the European Communities (Companies: Group Accounts) Regulations, 1992.

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's 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 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 2011 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 Company.

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

3 July 2012

Accounting Policies

The significant accounting polices 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 2009, 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 judgements

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. Judgement 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, forestry 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 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 Smart*Ply* 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 2011

	Notes	2011 €'000	2010 €'000
Group turnover	1	259,116	250,399
Operating costs		(217,631)	(204,334)
Operating profit before exceptional items		**41,485**	**46,065**
Exceptional items	5	(9,131)	(1,392)
Operating profit		**32,354**	**44,673**
Share of associated undertaking losses	30	(50)	(50)
Profit before finance charge and taxation		**32,304**	**44,623**
Interest payable	6	(8,585)	(9,274)
Interest receivable	6	3	614
Other finance cost	9 (b)	(2,973)	(2,508)
Profit before taxation	2	**20,749**	**33,455**
Taxation	8	(851)	(1,307)
Profit for the year		**19,898**	**32,148**

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

Brendan McKenna
Chairman

David Gunning
Chief Executive

Group Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	Notes	2011 €'000	2010 €'000
Profit for the financial year		19,898	32,148
Actuarial loss in respect of pension scheme	9	(36,680)	(17,350)
Deferred tax on actuarial loss	20	1,642	605
Total recognised (losses)/gains for the year		**(15,140)**	**15,403**

Group Balance Sheet
At 31 December 2011

	Notes	2011 €'000	2010 €'000
Fixed assets			
Tangible assets	10	1,467,195	1,444,422
Financial assets	11	1,218	1,221
Intangible assets	12	578	696
		1,468,991	1,446,339
Current assets			
Stocks	13	24,196	17,449
Debtors	14	60,937	58,432
Cash		15,585	9,428
		100,718	85,309
Creditors: Amounts falling due within one year	15	(60,361)	(51,219)
Net current assets		**40,357**	**34,090**
Total assets less current liabilities		**1,509,348**	**1,480,429**
Creditors: Amounts falling due after one year	18	(171,732)	(162,012)
Provisions for liabilities and charges	20	(6,166)	(7,485)
Net assets excluding pension liability		**1,331,450**	**1,310,932**
Pension liability	9	(130,525)	(86,382)
Net assets including pension liability		**1,200,925**	**1,224,550**
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	246,932	272,072
Grant reserve	22	152,788	151,273
Shareholders' funds		**1,200,925**	**1,224,550**

Brendan McKenna
Chairman

David Gunning
Chief Executive

Company Balance Sheet

At 31 December 2011

	Notes	2011 €'000	2010 €'000
Fixed assets			
Tangible assets	10	1,401,330	1,375,761
Financial assets	11	63,665	68,217
		1,464,995	1,443,978
Current assets			
Stocks	13	6,382	4,763
Debtors	14	41,621	35,650
Cash		7,935	7,095
		55,938	47,508
Creditors: Amounts falling due within one year	15	(40,562)	(36,455)
Net current assets		**15,376**	**11,053**
Total assets less current liabilities		**1,480,371**	**1,455,031**
Creditors: Amounts falling due after one year	18	(170,189)	(160,200)
Provisions for liabilities and charges	20	(2,283)	(2,908)
Net assets excluding pension liability		**1,307,899**	**1,291,923**
Pension liability	9	(122,009)	(80,916)
Net assets including pension liability		**1,185,890**	**1,211,007**
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	231,897	258,529
Grant reserve	22	152,788	151,273
Shareholders' funds		**1,185,890**	**1,211,007**

Brendan McKenna
Chairman

David Gunning
Chief Executive

Group Cash Flow Statement

At 31 December 2011

	Notes	2011 €'000	2010 €'000
Net cash inflow from operating activities	26(a)	48,491	71,452
Return on investment and servicing of finance			
Net interest	26(b)	(8,569)	(10,105)
Taxation		(1,708)	(2,819)
Capital expenditure			
Purchase of tangible fixed assets	26(c)	(42,421)	(45,372)
Sale of tangible fixed assets	26(d)	8,624	10,763
Capital grants received	26(e)	1,709	2,663
Sale of JV shareholding		-	193
Net cash outflow from capital expenditure		(32,088)	(31,753)
Equity dividends paid to shareholders	7	(10,000)	-
Net cash (outflow)/inflow from management of liquid resources		**(3,874)**	**26,775**
Financing			
Capital element of finance lease payments	26(e)	31	(16)
Increase in borrowings	26(h)	10,000	2,300
Increase in cash at bank		**6,157**	**29,059**

Brendan McKenna
Chairman

David Gunning
Chief Executive

Notes to the Financial Statements

1. Segmental reporting

Analysis of turnover by class of business and by geography

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

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

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

2. Profit before taxation

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

Auditors' remuneration for audit-related services comprised:

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

Auditors' remuneration for non-audit related services comprised:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	€'000	**€'000**	**€'000**	**€'000**
Advisory services	147	116	147	116

3. Emoluments of Directors and Chief Executive

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

4. Employees and remuneration

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

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

5. Exceptional items

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

A. Restructuring costs

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

B. Impairment of fixed assets

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

C. Past service pension costs

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

6. Net finance charges

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

7. Dividends paid

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

8. Taxation

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

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

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

9. Pensions

A. Defined benefit pension scheme

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

Actuarial valuation

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

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

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

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

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

B. Financial Reporting Standard 17 (FRS 17)

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

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

The actual return on plan assets was:

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

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

9. Pensions *- continued*

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

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

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

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

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

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

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

9. Pensions *- continued*

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

The principal actuarial assumptions at the balance sheet date:

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

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

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

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

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

Sensitivity analysis of the scheme liabilities

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

C. Defined contribution pension scheme

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

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

10. Tangible assets

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

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

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

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

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

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

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

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

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

11. Financial assets

A. Group

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

B. Company

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

Notes:

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

12. Intangible assets

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

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

13. Stocks

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

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

14. Debtors

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

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

15. Trade creditors and accruals

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

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

16. Taxation and social welfare

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

17. Loans and other debt

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

18. Creditors

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

19. Financial instruments

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

A. Treasury management

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

B. Interest rate risk management

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

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

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

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

19. Financial instruments *- continued*

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

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

C. Liquidity risk

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

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

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

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

D. Fair values

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

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

E. Currency contracts (Sterling)

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

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

19. Financial instruments *- continued*

F. Gains and losses on hedges

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

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

20. Provisions for liabilities and charges

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

A. Legal and other provisions

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

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

B. Deferred tax

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

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

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

21. Called up share capital

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

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

22. Reserves

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

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

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

23. Forestry and other grants

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

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

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

24. Future capital expenditure not provided for

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

25. Contingencies and commitments

A. Government grants

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

B. The Irish Forestry Unit Trust

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

C. Operating lease commitments

Commitments under operating leases expire as follows:

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

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

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

26. Notes to the Group Cashflow Statement

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

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

B. Interest paid and received

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

C. Additions to tangible fixed assets

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

D. Sale of tangible fixed assets

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

E. Analysis of changes in financing during the year

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

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

F. Analysis of movement in net debt

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

G. Analysis of movement in working capital

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

H. Reconciliation of net cashflow to movements in net debt

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

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

27. Reconciliation of movements in shareholders' funds

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

28. Related party transactions

A. The ownership of the company

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

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

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

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

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

D. Transactions with state controlled/influenced financial institutions

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

E. Transactions with state controlled/influenced financial institutions

Moylurg Rockingham Limited

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

Garvagh Glebe Windpower Limited

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

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

29. Subsidiary and Associated Undertakings

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

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

30. Associated undertakings – Moylurg Rockingham Limited

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

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

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

31. Subsequent events

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

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

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

32. Comparative figures

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

33. Approval of financial statements

The Directors approved the financial statements on 2 July 2012.

5 Year Performance

Financial review (unaudited figures)

	2011 €'000	2010 €'000	2009 €'000	2008 €'000	2007 €'000
Profit and loss account					
Turnover	259,116	250,399	206,865	249,475	318,128
Operating profit before exceptional items	41,485	46,065	817	20,543	64,198
Exceptional items	(9,131)	(1,392)	18,529	549	(10,272)
Operating profit	32,354	44,673	19,346	21,092	53,926
Share of losses of joint ventures/associates	(50)	(50)	(50)	(50)	(38)
Finance charge	(11,555)	(11,168)	(11,780)	(9,437)	(7,481)
Profit before taxation	20,749	33,455	7,516	11,605	46,407
Taxation	(851)	(1,307)	(3,273)	(2,399)	(6,279)
Profit after taxation	19,898	32,148	4,243	9,206	40,128
Dividend Paid	(10,000)	-	-	(2,600)	-
Retained earnings	9,898	32,148	4,243	6,606	40,128
Balance sheet					
Fixed assets	1,468,991	1,446,339	1,423,767	1,414,763	1,396,214
Current assets	100,718	85,309	87,175	87,302	102,423
Creditors: amounts falling due within one year	(60,361)	(51,219)	(67,245)	(93,669)	(65,190)
Net current assets/(liabilities)	40,357	34,090	19,930	(6,367)	37,233
Total assets less current liabilities	1,509,348	1,480,429	1,443,697	1,408,396	1,433,447
Creditors: Amounts falling due after one year	(171,732)	(162,012)	(160,059)	(120,858)	(157,409)
Provisions for liabilities and charges	(6,166)	(7,485)	(5,962)	(4,111)	(5,812)
Net assets excluding pension liability	1,331,450	1,310,932	1,277,676	1,283,427	1,270,226
Pension Liability	(130,525)	(86,382)	(70,192)	(82,614)	(66,346)
Net assets including pension liability	1,200,925	1,224,550	1,207,484	1,200,813	1,203,880
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	246,932	272,072	256,669	250,774	257,090
Grant reserve	152,788	151,273	149,610	148,834	145,585
Shareholders' funds	1,200,925	1,224,550	1,207,484	1,200,813	1,203,880

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
National Irish Bank

Insurance Brokers
Willis Risk Services (Ireland Ltd)

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

Head Office
Dublin Road,
Newtownmountkennedy,
County Wicklow
Tel+353 1 2011111
or 1890 367 378
Fax +353 1 2011199

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

Coillte Recreation Team
Dublin Road,
Newtownmountkennedy,
County Wicklow
Tel +353 1 2011111
Fax +353 1 2011199

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

Regional Offices
Southern Region
Unit 5, Castletroy Park
Business Centre,
Castletroy, Limerick
Tel +353 61 337322
Fax +353 61 338271

Northern/Western Region
1st Floor, Units 4 and 5,
Pearse Plaza, Pearse St.,
Sligo
Tel+353 71 9162663
Fax+353 71 9143014

Eastern Region
Unit 4, Parkside,
Abbeyleix Road
Portlaoise
Co. Laois
Tel+353 57 8621617
Fax+353 57 8680003

Coillte Panel Products
SmartPly Europe Ltd.
Belview, Slieverue, Waterford
Tel +353 51 851233
Fax +35351 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

Coillte Enterprise
Coillte Nurseries
Ardattin, Ballintemple,
County Carlow
Tel+353 59 9155621
Fax+353 59 9155775

Irish Hardwoods
Dundrum, County Tipperary
Tel +353 62 71101
Fax +353 62 71491

Coillte Training and Safety Services
Dublin Road,
Newtownmountkennedy,
County Wicklow
Tel+353 1 2011111
Fax+353 1 2011199

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

Coillte Land Development
Dublin Road,
Newtownmountkennedy,
County Wicklow
Tel+353 1 2011111
Fax+353 1 2011199

While many will know us for our forestry management and wood products, Coillte has a wide-ranging business portfolio which includes extensive windfarm interests. Wind energy offers the opportunity of up to €10 billion new investment in the Irish economy over the coming decade, strengthening Ireland's exports and jobs even further.

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