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	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Segment Revenue								
Republic of Ireland	79,583	92,425	31,137	33,090	13,715	23,115	124,435	148,630
United Kingdom	5,826	7,595	1,522	1,202	70,667	79,326	78,015	88,123
Rest of the World	84	357	924	782	32,237	41,879	33,245	43,018
	85,493	100,377	33,583	35,074	116,619	144,320	235,695	279,771
Inter-segment sales	(22,758)	(22,869)	(6,072)	(7,427)	-	-	(28,830)	(30,296)
Sales to third parties	**62,735**	**77,508**	**27,511**	**27,647**	**116,619**	**144,320**	**206,865**	**249,475**

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

	2009	2008
	€'000	€'000
Profit before taxation has been arrived at after charging/(crediting):		
Auditors' remuneration: - audit services	191	223
- audit-related services	216	199
- non-audit related services	152	46
Depreciation	8,961	11,077
Interest payable on borrowings wholly repayable within 5 years	8,530	7,238
Finance lease charges	-	9
Operating lease charges – plant and machinery	455	570
Research expenditure	1,557	1,388
Operating lease rental income	(3,703)	(3,608)
Amortisation of grants (note 23)	(345)	(568)
Amortisation of goodwill (note 12)	117	312
Impairment of goodwill (note 12)	-	651
Impairment of fixed assets (note 10)	3,100	8,706
Amortisation of grants related to fixed asset impairment (note 23)	-	(457)
Auditors' remuneration for audit-related services comprised:		
Taxation advice and compliance	170	63
Pension audit	21	21
Group grant claims	-	65
Accounting and other advice	25	50
	216	199
Auditors' remuneration for non-audit related services comprised:		
HR services	-	6
Advisory services	152	40
	152	46

3. Emoluments of Directors and Chief Executive

	Fees	Salary	Bonus	Pension Contribution	Taxable Benefits	Other Emoluments	**2009 Total**	2008 Total
	€'000	€'000	€'000	€'000	€'000	€'000	**€'000**	€'000
Parent Company								
David Gunning	13	297	-	74	33	-	417	489
Eugene Griffin	13	74	-	19	-	-	106	107
Brendan McKenna	22	-	-	-	-	-	22	24
Breffni Byrne	13	-	-	-	-	-	13	14
Alma Kelly	13	-	-	-	-	-	13	-
Seamus Murray	13	-	-	-	-	-	13	-
Frank Toal	13	-	-	-	-	-	13	-
Philip Lynch	-	-	-	-	-	-	-	14
Grainne Hannon	-	-	-	-	-	-	-	14
Yvonne Scannell	13	-	-	-	-	-	13	14
	113	371	-	93	33	-	610	676

**Directors emoluments were €12,600 per annum*

4. Employees and remuneration

The average number of persons employed by the Group (excluding associated and joint venture undertakings) during the year was 1,170 (2008 : 1,250) which comprise 551 (2008 : 586) industrial workers and 619 (2008 : 664) non-industrial employees.

	2009	2008
	€'000	€'000
The staff costs comprise:		
Wages and salaries	53,407	59,066
Social welfare costs	4,485	4,777
Pension costs	5,601	7,077
	63,493	70,920
Own work capitalised	(13,221)	(15,812)
Charge to profit and loss account	50,272	55,108

5. Exceptional items

	2009 €'000	2008 €'000
Exceptional items included in operating profit comprised:		
Voluntary parting/early retirement programme (note A)	5,209	692
Impairment of fixed assets (note B)	3,100	8,706
Amortisation of grants related to the fixed asset impairment	-	(457)
Impairment of goodwill	-	651
Profit on sale of immature forest (note C)	(25,372)	(10,141)
Grants released on sale of immature forest (note C)	(1,466)	-
	(18,529)	(549)

A. Voluntary parting / early retirement programme

During 2009 severance payments and actuarial costs relating to the past service of departing employees of €5.2m were incurred. Of this total, €4.0m relates to additional employees departing under the Alternative Options Scheme which was approved in 2008. The balance of €1.2m relates to employees departing the Coillte Panel Products division under a redundancy programme which was implemented during 2009.

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 has written down the assets to their recoverable amount by including an impairment charge of €3.1m in the Group profit and loss account. In 2008 the Group wrote down assets and related grants of Smart*Ply* Europe Limited to their recoverable amount by including a net impairment charge (after amortising related grants) of €8.25m in the profit and loss account. An additional charge of €0.65m was also included in respect of the write off of the associated goodwill. No further impairment arose in 2009 (note 10 (vi)).

C. Profit on sale of immature forest

During the year the Group disposed of immature forests for €33.8m and realised a profit on disposal of €25.4m. The amount is disclosed within exceptional items by virtue of its materiality. The sale agreement confers rights on the purchaser to harvest timber at maturity but the Group retains the rights to the land, carbon and other assets. Capitalised grants of €1.5m relating to the immature forests disposed of were released to the Group profit and loss account in 2009. These grants are unconditional and have no residual conditions attaching to their recognition.

6. Net finance charges

	2009 €'000	2008 €'000
Finance charges:		
Interest on bank overdraft and loans wholly repayable within 5 years and other related bank costs	8,530	7,238
Finance income:		
Interest receivable	(83)	(18)
	8,447	7,220

7. Dividends paid

	2009 €'000	2008 €'000
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on ordinary shares:		
Dividend of €nil per share for the year ended 31 December 2009 (2008: €0.00412)	-	2,600

8. Taxation

	2009	2008
	€'000	€'000
Current tax:		
Corporation tax at 12.5% (2008: 12.5%)	1,823	2,483
Less: Woodlands relief	(1,822)	(1,659)
	1	824
Foreign tax - Netherlands	2	1
- United Kingdom	-	42
Adjustment in respect of prior years	(760)	-
Taxation on disposal of fixed assets at 25% (2008: 20-22%)	4,773	2,473
Total current tax	4,016	3,340
Deferred tax:		
Origination and reversal of pension timing differences	(21)	(5)
Origination and reversal of other timing differences	(722)	(936)
Total taxation on profit on ordinary activities	3,273	2,399

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:		
Profit on ordinary activities before tax	7,516	11,605
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2008: 12.5%)	940	1,451
Effects of:		
Woodlands relief	(1,822)	(1,659)
Impairment of assets and associated goodwill	388	1,036
Expenses not deductible for tax purposes	958	528
Differences between capital allowances and depreciation	380	642
Adjustments in respect of prior years	(760)	(1,658)
Higher rates of tax on certain activities	2,505	2,579
Loss relief utilised	1,784	378
Group relief	(300)	-
Foreign tax	2	43
Other	(59)	-
Total current tax	**4,016**	**3,340**

No asset has been recognised for deferred tax of €5,260,000 (2008: €4,538,000) 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.

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 2.75% (Coillte Teoranta) and 2% (Medite Europe Limited) in the last full valuations and pension increases by 2.75% 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.

During 2009 the Group have undertaken a number of measures to address the deficit in the pension scheme and have formally submitted a funding proposal to the Pensions Board.

B. Financial Reporting Standard 17 (FRS 17)

	2009	2008
	€'000	€'000
The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(233,847)	(221,022)
Fair value of plan assets	161,475	138,408
Pension Liability in the balance sheet	(72,372)	(82,614)
Related deferred tax asset (note 20)	2,180	2,617
Net pension liability	**(70,192)**	**(79,997)**
The amounts recognised in the profit and loss account are as follows:		
Current service cost	5,022	6,489
Past service cost *	3,130	-
Operating cost	8,152	6,489
Expected return on assets	(8,474)	(11,475)
Interest on liability	12,896	13,692
Finance cost	4,422	2,217
Total profit and loss account charge	**12,574**	**8,706**

**Included as part of the exceptional voluntary parting/early retirement charge (note 5a)*

The amounts recognised in the statement of total recognised gains and losses are as follows:		
Actual return less expected return on pension scheme assets	1,562	(51,348)
Experience gains and losses arising on the scheme liabilities	(12,723)	9,161
Changes in assumptions underlying the present value of scheme liabilities	13,271	28,468
Actuarial gain/(loss) recognised	**2,110**	**(13,719)**

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 2008	138,408	(221,022)	(82,614)
Current service cost	-	(5,022)	(5,022)
Interest on scheme liabilities	-	(12,896)	(12,896)
Expected return on scheme assets	8,474	-	8,474
Actual less expected return on scheme assets	1,562	-	1,562
Experience losses on liabilities	-	(12,723)	(12,723)
Changes in assumptions	-	13,271	13,271
Contributions by plan participants	1,037	(1,037)	-
Past service cost	-	(3,130)	(3,130)
Benefits paid from plan assets	(8,712)	8,712	-
Employer Contributions paid	20,706	-	20,706
As at 31 December 2009	**161,475**	**(233,847)**	**(72,372)**

	Pension Assets €'000	Pension Liabilities €'000	Pension Deficit €'000
At 31 December 2007	178,892	(245,238)	(66,346)
Current service cost	-	(6,489)	(6,489)
Interest on scheme liabilities	-	(13,692)	(13,692)
Expected return on scheme assets	11,475	-	11,475
Actual less expected return on scheme assets	(51,348)	-	(51,348)
Experience gains on liabilities	-	9,161	9,161
Changes in assumptions	(302)	28,770	28,468
Past service cost	-	-	-
Contributions by plan participants	561	(561)	-
Benefits paid from plan assets	(7,027)	7,027	-
Employer contributions paid	6,157	-	6,157
As at 31 December 2008	**138,408**	**(221,022)**	**(82,614)**

The following amounts were measured in accordance with the requirements of FRS 17 at 31 December 2005-2009 inclusive.

	2009	2008	2007	2006	2005
Expected rate of return:					
Equities	8.00%	8.50%	7.50 - 8.00%	7.50%	7.10%
Bonds	3.80%	3.75%	4.30 - 4.40%	3.95%	3.15%
Property	6.00%	6.00%	5.75 - 5.90%	5.40%	5.00%
Other	2.00%	2.50%	3.00%	2.00%	2.00%

	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Market Value:					
Equities	99,695	70,250	117,429	118,637	99,572
Bonds	40,741	44,482	38,553	38,381	24,936
Property	13,310	8,213	10,075	10,097	8,805
Other	7,729	15,463	12,835	9,998	11,821
Total market value of assets	161,475	138,408	178,892	177,113	145,134
Present value of scheme liabilities	(233,847)	(221,022)	(245,238)	(248,205)	(231,486)
Deficit in the scheme	(72,372)	(82,614)	(66,346)	(71,092)	(86,352)

Scheme assets do not include any of Coillte Teoranta's own financial instruments, or any property occupied by Coillte Teoranta.

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 2009. Under FRS 17 the deficit in the Coillte Teoranta scheme was €67.4m (2008: deficit of €75.2m) and the deficit in the Medite Europe Limited scheme was €5.0m (2008: deficit of €7.4m).

9. Pensions - *continued*

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

	2009	2008	2007	2006	2005
The principal actuarial assumptions at the balance sheet date:					
Rate of increase in salaries	3.50%	3.50%	4.00%	3.75%	3.75%
Rate of increase in pension payments					
Coillte Teoranta	3.50%	3.50%	4.00%	3.75%	3.75%
Medite Europe Limited	0.00%	0.00%	0.00%	0.00%	n/a
Discount rate	5.90%	5.75%	5.50%	4.65%	4.20%
Price inflation	2.00%	2.00%	2.50%	2.25%	2.25%

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:

	2009	2008
Male – current pensioner	21.70	20.20
Female – current pensioner	24.70	23.20
Male – future pensioner	22.70	21.00
Female – future pensioner	25.80	24.00

Amounts for the current and previous four years are as follows:

	2009	2008	2007	2006	2005
	€'000	€'000	€'000	€'000	€'000
Present value of the defined benefit obligation	(233,847)	(221,022)	(245,238)	(248,205)	(231,486)
Fair value of plan assets	161,475	138,408	178,892	177,113	145,134
Pension Deficit	(72,372)	(82,614)	(66,346)	(71,092)	(86,352)

	2009	2008	2007	2006	2005
Experience adjustment on plan liabilities as a percentage of scheme liabilities at the balance sheet date	5.4%	(4.14%)	1.44%	2.04%	0.05%
Experience adjustment on plan assets as a percentage of scheme assets at the balance sheet date	1.0%	(37.10%)	(7.78%)	4.28%	11.10%

Sensitivity analysis of the scheme liabilities

A decrease of 1% in the discount rate would increase the Coillte defined benefit pension scheme obligation by €39.4m and an increase of 1% in the discount rate would decrease the Coillte defined benefit pension scheme obligation by €30.6m. A decrease of 1% in the discount rate would increase the Medite defined benefit obligation by €4.2m and an increase of 1% in the discount rate would decrease the Medite defined benefit pension scheme obligation by €3.3m.

C. Defined contribution pension scheme

Smart*Ply* Europe Limited contributes to a defined contribution pension scheme on behalf of certain of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the period amounted to €326,000 (2008: €380,000) and contributions of €23,000 (2008: €32,000) were not transferred to the fund until after the year end.

The Group contributes to a 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 €144,000 (2008: €208,360) and contributions of €11,785 (2008: €81,781) 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 2009	(i)	1,343,316	31,561	110,898	1,485,775
Additions	(ii)	31,525	4,221	4,952	40,698
Depletion	(iii)	(18,439)	-	-	(18,439)
Disposals		(454)	(258)	(371)	(1,083)
At 31 December 2009		**1,355,948**	**35,524**	**115,479**	**1,506,951**
Accumulated depreciation					
At 1 January 2009		8,925	9,401	55,247	73,573
Charge for year	(iv)	-	6,057	2,976	9,033
Provision for Impairment	(vi)	1,700	1,400	-	3,100
Disposals		-	(115)	(310)	(425)
At 31 December 2009		10,625	16,743	57,913	85,281
Net book amounts:					
At 31 December 2009		**1,345,323**	**18,781**	**57,566**	**1,421,670**
At 31 December 2008		1,334,391	22,160	55,651	1,412,202
B. Company					
Cost					
At 1 January 2009	(i)	1,331,036	13,759	27,301	1,372,096
Additions	(ii)	31,525	37	3,727	35,289
Depletion	(iii)	(18,439)	-	-	(18,439)
Disposals		(454)	(7)	(201)	(662)
At 31 December 2009		1,343,668	13,789	30,827	1,388,284
Accumulated depreciation					
At 1 January 2009		8,365	3,224	23,903	35,492
Charge for year	(iv)	-	286	1,335	1,621
Provision for Impairment	(vi)	1,700	1,400	-	3,100
Disposals		-	(1)	(173)	(174)
At 31 December 2009		10,065	4,909	25,065	40,039
Net book amounts					
At 31 December 2009		**1,333,603**	**8,880**	**5,762**	**1,348,245**
At 31 December 2008		1,322,671	10,535	3,398	1,336,604

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

(ii) Additions to forests and land comprised €0.63m (2008:€0.86m) for afforestation, €17.83m (2008:€24.25m) for reforestation, €11.30m (2008:€13.71m) for other capital work and €1.74m (2008:€2.0m) 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 €18,000 (2008: €147,000). The depreciation charge for capitalised leased assets for the year ended 31 December 2009 was €30,000 (2008: €263,000).

(vi) Tangible assets are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired. In 2008, the Group carried out an impairment review of the carrying value of tangible assets in its Panel Products Division by estimating the recoverable amount of the income generating units (IGUs) to which the assets belong:

- Smart*Ply* Europe Limited
- Medite Europe Limited

10. Tangible assets *- continued*

The recoverable amount of all IGUs was based on a value in use calculation using cash flow projections based on the latest 5 year plan approved by management and extrapolated for a further 8 years. An appropriate terminal value was then added for each IGU. The estimated future cash flows were discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the IGU.

In 2009, in accordance with the standard, the Group carried out a 'look back' review of these impairment calculations and it is the Board's view that in the cases of both Smart*Ply* Europe Limited and Medite Europe Limited, no further provision for impairment is required. The analysis continues to be sensitive to a number of key assumptions:

- Long term growth rates
- Discount rate
- Foreign currency exchange rates

Long term growth rates
Although the demand for OSB and MDF was in line with forecast, the expectation is that demand will remain weak until 2011. Thereafter growth rates are expected to be in line with industry growth forecasts. Changes in selling price and direct costs are based on past practices and expectations of future changes in the market.

Discount rate
Future cash flows are discounted using a discount rate of 10% reflecting the Group's weighted average cost of capital and the nature of the business and the markets in which the IGUs operate. A movement in the discount rate of 0.50% would increase or decrease the recoverable amount of Smart*Ply* Europe Limited by €0.9m and Medite Europe Limited by €3.2m respectively but would not be sufficient to cause an impairment loss in either IGU.

Foreign currency exchange rates
The IGUs have significant exposure to the UK market and the sterling exchange rate. The cash flow forecasts have been converted, based on third party forecasts, for exchange rate expected to be in place at the time of the transactions. A £0.01p movement in the exchange rate over the life of the asset would increase or decrease the recoverable amount of Smart*Ply* Europe Limited by €3.1m and Medite Europe Limited by €6.5m respectively but would not be sufficient to cause an impairment loss in either IGU.

Other forestry assets
The Group carried out an impairment review of the carrying value of its investment in certain forestry assets. As a consequence of the review, the Group has written down the assets to their recoverable amount by including an impairment charge of €3.1m in the Group profit and loss account.

11. Financial assets

A. Group

	Associated Undertakings	Joint Venture	Other Investments	Total
	€'000	€'000	€'000	€'000
Unlisted shares				
At 1 January 2009	43	-	1,587	1,630
Revaluation of investments	-	-	(153)	(153)
Disposals				
Write off cost of investment	(144)	-	-	(144)
Share of associate losses (note 30)	(50)	-	-	(50)
At 31 December 2009	**(151)**	**-**	**1,434**	**1,283**

B. Company

	Subsidiary Undertaking	Associated Undertaking	Joint Venture (ii)	Other Investments	Total
	€'000	€'000	€'000	€'000	€'000
Unlisted shares					
At 1 January 2009	78,856	144	-	1,587	80,587
Revaluation of investments	-	-	-	(153)	(153)
Impairment	-	(144)	-	-	(144)
At 31 December 2009	**78,856**	**-**	**-**	**1,434**	**80,290**
Loans, advances and trading balances					
At 1 January 2009	(15,673)	-	6,164	-	(9,509)
Movements	6,108	-	15,270	-	21,378
At 31 December 2009	(9,565)	-	21,434	-	11,869
Net investment					
At 31 December 2009	**69,291**	**-**	**21,434**	**1,434**	**92,159**
At 31 December 2008	63,183	144	6,164	1,587	71,078

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 2009 the Group held 471,516 units which were readily realisable and were marked to market.

(ii) The shareholding in Garvagh Glebe Windpower Limited is a nominal amount of €1 and represents 50% of the issued share capital. The remaining share capital is owned by ESB Power Generation Holding Company Limited.

(iii) During 2009 the Group reviewed the carrying value of its investment in an associated undertaking and as a result of this review an impairment provision of €144,000 was made.

12. Intangible assets

	2009	2008
	€'000	€'000
At 1 January	931	1,894
Amortised during year (note i and ii)	(117)	(312)
Impairment of goodwill (note i)	-	(651)
At 31 December	814	931

(i) On 1 May 2002, the Group recognised goodwill on the acquisition of Smart*Ply* Europe Limited. An additional charge of €0.65m was included in the Group profit and loss account in 2008 to write off the remaining Smart*Ply* goodwill in full.

(ii) 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	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Raw material and consumables	8,794	11,330	6,269	6,823
Spare parts (net of provisions)	2,753	3,167	-	-
Goods for resale	5,915	8,550	-	6
	17,462	23,047	6,269	6,829

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	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade debtors	31,322	36,423	13,538	17,471
Grants receivable	2,845	1,919	2,845	1,919
Associated undertakings	-	16	-	16
Corporation and capital gains tax	-	1,649	-	1,516
Other debtors and prepayments	12,615	14,550	11,701	12,022
	46,782	54,557	28,084	32,944
Amounts falling due after one year				
Deferred cash consideration	-	1,000	-	1,000
Joint venture loan	21,434	6,164	-	-
	68,216	61,721	28,084	33,944

15. Trade creditors and accruals

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade creditors	9,713	9,482	7,164	8,099
Taxation and social welfare (note 16)	8,806	6,204	7,120	5,027
Accruals and deferred income	27,235	33,225	17,278	21,589
	45,754	48,911	31,562	34,715
Capital grants deferred (note 23)	341	546	70	72
	46,095	49,457	31,632	34,787

16. Taxation and social welfare

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Taxation and social welfare comprise				
PAYE/PRSI	2,042	1,669	1,033	1,040
VAT	2,579	3,417	1,960	2,869
Corporation and capital gains tax	3,149	-	3,126	-
Other	1,036	1,118	1,001	1,118
	8,806	6,204	7,120	5,027

17. Loans and other debt

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Wholly repayable within 1 year				
Overdraft	21,128	11,638	21,025	11,638
Loan	-	32,500	-	32,500
Finance lease	22	74	-	-
	21,150	44,212	21,025	44,138
Repayable between 1 and 2 years (note 18)				
Loans	-	42,000	-	42,000
Finance lease	-	9	-	-
	-	42,009	-	42,000
Repayable between 2 and 5 years (note 18)				
Loans	157,700	77,500	157,700	77,500
Finance lease	-	-	-	-
	157,700	77,500	157,700	77,500
Total loans and other debt	178,850	163,721	178,725	163,638

18. Creditors

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Amounts falling due after one year				
Loans	157,700	119,500	157,700	119,500
Finance lease	-	9	-	-
Capital grants deferred (note 23)	2,359	1,349	243	314
	160,059	120,858	157,943	119,814

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:

	2009		2008	
	€'000	%	€'000	%
Fixed rate financial liabilities	100,022	56	100,084	61
Floating rate financial liabilities	78,828	44	63,637	39
(note 17)	178,850	100	163,721	100
Weighted average fixed debt interest rates		4.32%		4.03%
Weighted average fixed debt period – years		1.0		2.0

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 however, under certain circumstances, as approved by the Board, it may fix a percentage outside of this band. At the end of 2009 56% of the Group's debt was fixed (2008:61%).

19. Financial instruments *- continued*

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

This strategy ensures that a 1% increase in interest rates would cost the Group €788,000 (2008: €636,000) in additional interest charges per annum.

C. Liquidity risk
The maturity profiles of debt as at 31 December 2008 and 2009 are as follows:

	2009		2008	
	€'000	%	€'000	%
Repayable				
In one year or less	21,150	12	44,212	27
Between one and two years	-	-	42,009	26
Between two and five years	157,700	88	77,500	47
Total	178,850	100	163,721	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 €18.8m (2008: €36.0m) as at 31 December 2009.

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.

The fair value of fixed rate debt is estimated by discounting the future cash flows to net present values using market rates prevailing at the year end.

	Book value		Fair value		Mark-to-market gain/(loss)	
	2009	2008	**2009**	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Assets						
Financial assets	1,434	1,587	1,434	1,587	-	-
Cash	1,497	2,534	1,497	2,534	-	-
Liabilities						
Overdrafts	21,128	11,638	21,128	11,638	-	-
Floating rate debt	157,700	152,000	157,700	152,000	-	-
Finance leases	22	83	22	83	-	-
Derivatives						
Interest rate swaps	-	-	(3,127)	(2,023)	(3,127)	(2,023)
Foreign exchange contracts	-	-	(87)	2,323	(87)	2,323

E. Currency contracts (Sterling)
At 31 December 2009, the Group had entered into Euro / Stg£ foreign exchange contracts for the sale of the total principal amount of Stg £20.4 million at the rate of 0.89. There was a loss of €65,000 on sterling forward contracts marked to market at 31 December 2009.

At 31 December 2009, the Group had Euro / Stg £ foreign exchange options and collars for the sale of the total principal amount of Stg £8.3 million at the rate of 0.92. There was a loss of €21,000 on these instruments as at 31 December 2009.

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	**2009 Total**	2008 Total
	€'000	€'000	**€'000**	€'000
Unrecognised gains and losses on hedges at 1 January 2009	2,323	(2,023)	300	1,989
Gains and losses arising in previous years recognised prior to 1 January 2009	(2,323)	-	(2,323)	(1,319)
Gains / (losses) arising in 2009 that were not recognised prior to 1 January 2009	-	(1,191)	(1,191)	(370)
Unrecognised gains and losses on hedges at 31 December 2009	-	(3,214)	(3,214)	300
Expected to mature				
Within one year	-	(341)	(341)	2,323
After one year	-	(2,873)	(2,873)	(2,023)
	-	(3,214)	(3,214)	300

20. Provisions for liabilities and charges

	Group		**Company**	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Deferred taxation arising on pension deficits	(2,180)	(2,617)	(1,678)	(1,874)
Deferred taxation arising on other timing differences	2,913	3,635	299	296
Legal and other provisions	3,049	3,093	3,049	3,093
	3,782	4,111	1,670	1,515
Deferred taxation arising on pension deficits				
At 1 January	(2,617)	(1,815)	(1,874)	(1,613)
Net movement recognised in STRGL	458	(797)	196	(261)
Net movement recognised in Profit & Loss	(21)	(5)	-	-
At 31 December	(2,180)	(2,617)	(1,678)	(1,874)
Deferred taxation arising on other timing differences				
At 1 January	3,635	4,571	296	1,202
Net movements (note 8)	(722)	(936)	3	(906)
At 31 December	2,913	3,635	299	296
Legal and other provisions				
At 1 January	3,093	3,056	3,093	3,056
Net movements	(44)	37	(44)	37
At 31 December	3,049	3,093	3,049	3,093

21. Called up share capital

	2009	2008
	€'000	€'000
Ordinary shares of €1.26 each		
Authorised:	1,260,000	1,260,000
Issued and fully paid	795,060	795,060

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

22. Reserves

Grant Reserve	2009	2008
	€'000	€'000
At 1 January	148,834	145,585
Net movement in forestry grants (note 27)	776	3,249
At 31 December	149,610	148,834

Profit and Loss Account	2009	2008
	€'000	€'000
Parent company	244,451	223,928
Subsidiary undertakings	12,369	26,947
Associated undertaking	(151)	(101)
	256,669	250,774

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

23. Forestry and other grants

	Forestry	Other	2009 Total	Forestry	Other	2008 Total
	€'000	€'000	€'000	€'000	€'000	€'000
A. Group						
At 1 January	148,834	1,895	150,729	145,585	2,920	148,505
Receivable during year	2,242	1,150	3,392	3,249	-	3,249
	151,076	3,045	154,121	148,834	2,920	151,754
Amortised during year	-	(345)	(345)	-	(568)	(568)
Amortisation related to immature forest sales (note 5)	(1,466)	-	(1,466)	-	-	-
Amortisation related to fixed asset impairment (note 10)	-	-	-	-	(457)	(457)
At 31 December	149,610	2,700	152,310	148,834	1,895	150,729
B. Company						
At 1 January	148,834	386	149,220	145,585	473	146,058
Receivable during year	2,242	-	2,242	3,249	-	3,249
	151,076	386	151,462	148,834	473	149,307
Amortised during year	-	(73)	(73)	-	(87)	(87)
Amortisation related to immature forest sales (note 5)	(1,466)	-	(1,466)	-	-	-
At 31 December	149,610	313	149,923	148,834	386	149,220

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

A. Group		2009		2008
	€'000	€'000	€'000	€'000
Within 1 year		341		546
Between 2 and 5 years	1,202		751	
Over 5 years	1,157		598	
		2,359		1,349
		2,700		1,895
B. Company				
Within 1 year		70		72
Between 2 and 5 years	115		156	
Over 5 years	128		159	
		243		314
		313		386

24. Future capital expenditure not provided for

	2009	2008
	€'000	€'000
Contracted for	-	-
Authorised by the Directors but not contracted for	43,973	41,596
At 31 December	43,973	41,596

25. Contingencies and commitments

A. Government grants

A contingent liability of €63,355,000 (2008: €74,994,000) 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 2009**	Total 2008
	€'000	€'000	**€'000**	€'000
Within one year	22	10	32	81
Between two and five years	26	295	321	387
Over five years*	102	-	102	102
	150	305	455	570

* Smart*Ply* Europe Limited leases the 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 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 2009 the Company was committed to making an annual payment of €112,000 (2008: €102,000) 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	2009 €'000	2008 €'000
Operating profit		20,435	21,092
Finance lease interest	2	-	9
Depreciation	2	8,961	11,077
Depletion	10	18,439	12,765
Impairment of fixed assets	10(vi)	3,100	8,706
Amortisation of goodwill	12	117	312
Impairment of goodwill	12	-	651
Impairment of associate	11	144	-
Profit on sale of tangible fixed assets	26(d)	(15,906)	(10,839)
Revaluation of IForUT units	11	153	(448)
Amortisation of grants	23	(345)	(568)
Amortisation of grants related to immature sales	5	(1,466)	-
Amortisation of grants related to fixed asset impairment	23	-	(457)
Movement in provisions and liabilities	20	(44)	37
Movement in pension fund liability		(12,554)	332
Movement in working capital			
Decrease in stocks	26(g)	5,585	2,035
(Increase)/Decrease in debtors	26(g)	(7,218)	6,020
Decrease in creditors	26(g)	(8,258)	(10,224)
		11,143	40,500

B. Interest paid and received

	Notes	2009 €'000	2008 €'000
Interest charge	6	8,530	7,238
Interest received	6	(83)	(18)
Movement of interest accrual	26(g)	(1,952)	115
		6,495	7,335

C. Additions to tangible fixed assets

	Notes	2009 €'000	2008 €'000
Fixed asset additions	10	40,698	58,092
Less: non cash consideration (depreciation)		(72)	(114)
		40,626	57,978

D. Sale of tangible fixed assets

	Notes	2009 €'000	2008 €'000
Net book value of assets sold	10	658	346
Profit on disposals of assets		15,906	10,839
Cash consideration		16,564	11,185

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 2009	795,060	6,145	150,729	83
Capital grants received	-	-	2,466	-
Repayment of finance leases	-	-	-	(61)
Movement in capital grants receivable	-	-	926	-
Capital grants amortised	-	-	(345)	-
Capital grants released	-	-	(1,466)	-
At 31 December 2009	**795,060**	**6,145**	**152,310**	**22**

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	2,534	(1,037)	1,497
Bank overdraft	(11,638)	(9,490)	(21,128)
	(9,104)	(10,527)	(19,631)
Debt due within one year	(32,574)	32,552	(22)
Debt due after one year	(119,509)	(38,191)	(157,700)
At 31 December	**(161,187)**	**(16,166)**	**(177,353)**

G. Analysis of movement in working capital

	Balance 1 Jan €'000	Balance 31 Dec €'000	Cash Flows €'000
Stock	23,047	17,462	5,585
Debtors (excluding corporation tax)	60,072	68,216	8,144
Less capital grants receivable	(1,919)	(2,845)	(926)
	58,153	65,371	7,218
Creditors (excluding corporation tax and capital grants)	48,911	42,605	(6,306)
less: accrued interest	(1,738)	(3,690)	(1,952)
At 31 December	**47,173**	**38,915**	**(8,258)**

H. Reconciliation of net cashflow to movements in net debt

	2009 €'000	2008 €'000
(Decrease) in cash in the period	(10,527)	(19,659)
Cash outflow on finance leases	61	183
Cash (inflow)/outflow on bank loans	(5,700)	8,000
	(16,166)	(11,476)
Net debt at the beginning of the year	(161,187)	(149,711)
Net debt at the end of the year	(177,353)	(161,187)

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 2009	795,060	6,145	148,834	250,774	1,200,813
Retained profit for the year	-	-		4,243	4,243
Dividend Paid	-	-	-	-	-
Actuarial gain recognised on pension schemes	-	-		2,110	2,110
Deferred tax related to actuarial gain	-	-	-	(458)	(458)
Net movement in forestry grants	-	-	776	-	776
At 31 December 2009	**795,060**	**6,145**	**149,610**	**256,669**	**1,207,484**

28. Related party transactions

A. The ownership of the company
One ordinary share is held by the Minister for Agriculture, Fisheries and Food and the remainder of the issued share capital is held by the Minister for Finance.

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, the principal of these being the ESB. Sales of these goods, property and services amounted to €2.7m in 2009 and amounts due from these entities to the Group at 31 December 2009 for these goods, property and services amounted to €0.2 m.

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, the principal of these being the ESB. Purchases of goods and services amounted to €15.9m in 2009 and amounts due to these entities at 31 December 2009 for these goods and services amounted to €0.8 m.

D. Transactions with related Companies

Moylurg Rockingham Limited
In the ordinary course of its business the Group sold goods and services to Moylurg Rockingham Limited amounting to €0.04m, the balance due from this company at 31 December 2009 for these goods and services was €Nil.

Garvagh Glebe Windpower Limited
The Group advanced Garvagh Glebe Windpower Limited a loan of €15.2m in 2009, the balance due from this company at 31 December 2009 was €21.4m.

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

29. Subsidiary, associated undertakings and joint ventures

	% 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 Consult Limited	100	Consultancy and related activities	Newtownmountkennedy, Co. Wicklow, 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
Joint Venture			
Garvagh Glebe Windpower Limited	50	Wind energy	Stephen Court 18/21 St Stephens Green Dublin 2

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 draft financial statements of Moylurg Rockingham Limited. This Company is a joint venture between the Group 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 associate undertaking using the equity method of accounting. The Company has been treated as an associate undertaking as Coillte's share of the losses are limited under the joint venture agreement.

	2009	2008
	€'000	€'000
Share of turnover	435	264
Share of the loss after tax *	(50)	(50)
Share of fixed assets	4,333	4,539
Share of current assets	444	418
Share of creditors due within one year	(291)	(333)
Share of creditors due after one year	(4,637)	(4,581)
Share of net assets	(151)	43

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

31. Joint venture – Garvagh Glebe Windpower Limited

The following disclosure represents the Group's share of amounts included in the draft financial statements of Garvagh Glebe Windpower Limited. The Company is a joint venture between the Group and ESB Power Generation Holding Company Limited with the purpose of trading in wind energy. The Company was incorporated on 20 June 2008 and commenced construction on the wind farm in July 2008. It is included in the consolidated financial statements as a Joint Venture using the gross equity method of accounting.

	2009	2008
	€'000	€'000
Share of turnover	-	-
Share of the loss after tax *	-	-
Share of fixed assets	20,500	8,260
Share of current assets	2,109	235
Share of creditors due within one year	-	-
Share of creditors due after one year	(22,609)	(8,495)
Share of net assets	-	-

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

32. Approval of financial statements

The Directors approved the financial statements on 25 March 2010.