

The Forestry Growth Plan Public
Limited Company

Reports and Financial Statements
for the year ended
31 May 2009

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

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THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Paul Brosnan MA BSc.
Trevor McHugh BA B.S.

COMPANY SECRETARY

Paul Brosnan MA BSc.

REGISTERED OFFICE

Eblana House
Eblana Avenue
Dun Laoghaire
Co. Dublin

AUDITORS

Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

BANKERS

Ulster Bank
Dun Laoghaire
Co. Dublin

SOLICITORS

Lacy Walsh
77 Strand Road
Sandymount
Dublin 4

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2009

The directors present their annual report, together with the audited financial statements, for the year ended 31 May 2009.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Forestry Growth Plan Public Limited Company was incorporated on 9 January 2006, as a twelve year investment fund, for the purpose of raising funds from the public to invest in semi-mature woodlands. The main activity of the company is to manage and maintain the woodlands and forestry assets of the company. All lands have been planted in accordance with the Plan's forestry management plans.

As forestry premia receivable from younger forestry properties will not be sufficient to cover management and other essential costs, a sinking fund equivalent to 13% of net funds raised has been created, as set out in the Offering Document of 7 April 2006, to fund the costs of general expenses for the next number of years until thinning income becomes available. All woodlands are being acquired in line with the Forest Management Plan which has been designed in congruence with the financial projections for the company.

FUTURE DEVELOPMENTS

The Irish forestry sector is facing some new opportunities with the emergence of bio-fuels. The directors continue to monitor and research any suitable opportunities in this area for the benefit of the company.

RESULTS FOR THE YEAR

	2009 €
Loss on ordinary activities before taxation	(23,656)
Taxation	(8,200)
Loss on ordinary activities after taxation	<u>(31,856)</u>

KEY PERFORMANCE INDICATORS

As the company' performance is primarily dependent on the value attributable to the biological growth of the forestry assets, the key performance indicator is largely dependent on the independent valuation placed on this forest growth. Forest growth is not recognised in the financial statements but an independent valuation showed the forest growth was €217,115 (2008: €184,738) for the year and has been calculated in accordance with standard forestry valuation procedures.

PREMIUM INCOME

As a result of the mid-year budget of 2009 the Forest Service at the Department of Agriculture, Fisheries and Food reduced annual premia by 8%. This affected all forest owners in receipt of premia equally. The Directors are continuing to actively engage with the Department at the highest level to minimise the effect of this change and to protect the company from any further reductions.

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2009**

DIVIDENDS

The directors do not recommend payment of a dividend in respect of the year ended 31 May 2009.

POST BALANCE SHEET EVENTS

The company is negotiating the purchase of an additional 16.76 acres of land at a cost of €62,855.

DIRECTORS

The directors who held office during the year are listed on page 2. Under the Articles of Association the directors are not required to resign by rotation.

BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept in accordance with Section 202, Companies' Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's premises at Eblana House, Eblana Avenue, Dun Laoghaire, Co. Dublin.

RISKS AND UNCERTAINTIES

The main risks of forestry investment include fire, wind damage, public liability, disease, the future market price of timber and adverse changes to existing tax advantages or grants. The directors continue to mitigate and where appropriate, under expert advice, insure against the risks faced by the company.

AUDITORS

The auditors, Deloitte & Touche Chartered Accountants, continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:

Paul Brosnan
Director

Trevor McHugh
Director

Date: 1 December 2009

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

We have audited the financial statements of The Forestry Growth Plan Public Limited Company for the year ended 31 May 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statements, the Statement of Accounting Policies and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 evaluated the overall adequacy of the presentation of information in the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY**

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 affairs of the company as at 31 May 2009 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are 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 balance sheet, are more than half the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 May 2009 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.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

Date: 1 December 2009

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

REVENUE RECOGNITION

Premia income receivable under Irish government grant schemes is credited to the profit and loss account when receivable.

TANGIBLE ASSETS

Tangible assets represent land and forestry costs. Land costs comprise land purchase price, stamp duty, legal and professional costs, together with forest management consultancy fees incurred in the twelve month period from date of purchase of individual sites. Forestry costs include enhancement costs where appropriate.

FOREST GROWTH

Forest growth is not recognised in the financial statements.

PRELIMINARY EXPENSES

Preliminary expenses will be offset against share premium.

TAXATION

The charge for taxation is based on the result for the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at the balance sheet date that might result in an obligation to pay more, or a right to pay less tax in the future. Deferred tax assets are recognised if it is regarded as more likely than not that they will be recovered.

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2009

	<i>Notes</i>	Year ended 31 May 2009 €	Period from 1 August 2007 to 31 May 2008 €
INCOME	1	13,309	6,483
Administrative expenses		(58,057)	(11,955)
OPERATING LOSS		<u>(44,748)</u>	<u>(5,472)</u>
Interest receivable and other income	2	21,092	33,876
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(23,656)</u>	28,404
Tax on (loss)/profit on ordinary activities	5	(8,200)	(13,349)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u><u>(31,856)</u></u>	<u><u>15,055</u></u>

There are no recognised gains or losses other than the loss arising from continuing operations disclosed in the profit and loss account. There are no movements in shareholders' funds other than the loss after taxation disclosed above.

The financial statements were approved by the Board of Directors on 1 December 2009 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

BALANCE SHEET
AS AT 31 MAY 2009

	Notes	2009 €	2008 €
FIXED ASSETS			
Tangible assets	6	1,940,365	1,893,718
CURRENT ASSETS			
Debtors	8	16,504	4,161
Cash at bank and in hand		446,308	524,095
		<u>462,812</u>	<u>528,256</u>
CREDITORS: (Amounts falling due within one year)	9	(27,543)	(14,484)
NET ASSETS		<u>435,269</u>	<u>513,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,375,634</u>	<u>2,407,490</u>
CAPITAL AND RESERVES			
Called up share capital	10	13,333	13,333
Share premium account	11	2,343,807	2,343,807
Profit and loss account	11	18,494	50,350
		<u>2,365,634</u>	<u>2,397,490</u>
Equity	10	2,365,634	2,397,490
Non-Equity	10	10,000	10,000
SHAREHOLDERS' FUNDS	12	<u>2,375,634</u>	<u>2,407,490</u>

The financial statements were approved by the Board of Directors on 1 December 2009 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT
FOR THE YEAR ENDED TO 31 MAY 2009

	2009 €	2008 €
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(44,748)	(5,472)
(Increase)/decrease in debtors	(12,343)	3,677
Increase/(decrease) in creditors	14,652	(7,239)
Net cash outflow from operating activities	<u>(42,439)</u>	<u>(9,034)</u>
Net cash outflow from operating activities	(42,439)	(9,034)
Returns on investments and servicing of finance		
Interest received	21,092	33,876
Taxation		
Corporation tax refunded	166	-
Corporation tax paid	(9,959)	(21,892)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(46,647)	(459,042)
Decrease in cash in the year	<u>(77,787)</u>	<u>(456,092)</u>
Reconciliation of net cash flow to movement in net funds		
Decrease in cash in the year	(77,787)	(456,092)
Net funds at 1 June 2008	524,095	980,187
Net funds at 31 May 2009	<u>446,308</u>	<u>524,095</u>

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED TO 31 MAY 2009

1. INCOME	Year ended 31 May 2009 €	Period from 1 August 2007 to 31 May 2008 €
Premia income	13,009	6,483
Management plan contribution plan	300	-
	<u>13,309</u>	<u>6,483</u>

Premia income is receivable on an annual basis for the first fifteen years from date of planting, based on the species planted.

Land acquired within the Forestry Growth Plan comprises primarily semi-mature woodlands. Premia income may not be sufficient to cover management and other essential costs. Cashflow to fund general expenses and costs will emanate from the sinking fund as outlined in the Offering Document dated 7 April 2006 until thinning revenues come available. All woodlands are being acquired in line with the Forest Management Plan which has been designed in congruence with the financial projections for the company.

2. INTEREST RECEIVABLE AND OTHER INCOME	Year ended 31 May 2009 €	Period from 1 August 2007 to 31 May 2008 €
Deposit interest receivable	21,092	33,876
	<u>21,092</u>	<u>33,876</u>

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	Year ended 31 May 2009 €	Period from 1 August 2007 to 31 May 2008 €
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Management expenses for ongoing administration/management	48,618	3,270
Directors' remuneration	-	-
Auditors' remuneration	2,885	3,040
	<u>48,618</u>	<u>3,040</u>

4. EMPLOYEES AND REMUNERATION

There were no employees during the year.

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED TO 31 MAY 2009

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	Year ended 31 May 2009 €	Period from 1 August 2007 to 31 May 2008 €
(a) Analysis of the tax charge for the year:		
The tax charge on the (loss)/profit on ordinary activities for the year was as follows:-		
Corporation tax on the (loss)/profit for the year	8,200	13,170
Underprovision in previous years	-	179
	<u>8,200</u>	<u>13,349</u>
(b) Factors affecting the tax charge for the year:		
The tax assessed for the year is higher than the standard rate of corporation tax in Ireland (12.5%).		
The differences are explained below:		
(Loss)/profit on ordinary activities before taxation	(23,656)	28,404
(Loss)/profit on ordinary activities multiplied by standard rate of tax in Ireland of 12.5 % (2008: 12.5%)	(2,957)	3,551
Effects of:		
Operation of woodlands not subject to corporation tax	5,594	684
Surcharge on undistributed investment and other income	2,927	4,700
Interest and other income subject to higher rate of tax	2,636	4,235
Underprovision in previous years	-	179
Tax charge for the year	<u>8,200</u>	<u>13,349</u>
(c) Factors that may affect future tax charges		
Based on current taxation legislation no corporation tax or deferred tax arises on the operating result, because of the exemption of profits from the occupation of woodlands from corporation tax.		
6. TANGIBLE ASSETS		Land and Forestry €
Cost		
At 1 June 2008		1,893,718
Additions		46,647
At 31 May 2009		<u>1,940,365</u>
Net book values		
At 31 May 2009		<u>1,940,365</u>
At 31 May 2008		<u>1,893,718</u>

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED TO 31 MAY 2009

7. FOREST GROWTH

Forest growth during the year has been valued by an independent valuer at €217,115 (2008: €184,738) in accordance with standard forestry valuation procedures. Total forest growth at balance sheet date is valued at €500,542 (2008: €283,427). Forest growth is not included in the financial statements, which are prepared under the historical cost convention.

8.	DEBTORS: (Amounts falling due within one year)	2009 €	2008 €
	Trade debtors – premia income	12,298	-
	VAT	1,157	354
	Prepayments and other debtors	3,049	3,807
		16,504	4,161
		16,504	4,161
9.	CREDITORS: (Amounts falling due within one year)	2009 €	2008 €
	Creditors and accrued expenses	24,602	9,950
	Corporation tax	2,941	4,534
		27,543	14,484
		27,543	14,484
10.	CALLED-UP SHARE CAPITAL	2009 €	2008 €
	Authorised:		
	40,000 Ordinary shares of €1 each	40,000	40,000
	3,333 Redeemable Preference shares of €1 each	3,333	3,333
		43,333	43,333
		43,333	43,333
	Allotted, called-up and paid:		
	40,000 Ordinary shares of €1 each, (€0.25 paid)	10,000	10,000
	3,333 Redeemable Preference shares of €1 each, (fully paid)	3,333	3,333
		13,333	13,333
		13,333	13,333
	Unpaid:		
	40,000 Ordinary shares of €1 each, (€0.75 unpaid)	30,000	30,000
		30,000	30,000
		30,000	30,000

THE FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED TO 31 MAY 2009

10. CALLED-UP SHARE CAPITAL (CONTINUED)

Equity:

The redeemable preference shareholders do not have any right to attend or vote at Annual General Meetings.

The redeemable preference shares are the only shares entitled to participate in the growth of the forest investment and, as such, will be the only shares to rank for dividend and to participate in the distribution of any surplus arising when the forests are sold.

The company shall redeem the redeemable preference shares when the directors consider that it is in the best interest of the redeemable preference shareholders to do so. It is the intention of the company that the forests will be sold and all dividends paid ten years after the establishment of the company at which time the redeemable share capital will be repaid.

Non-Equity:

Only ordinary shareholders have any voting rights and are entitled to attend and vote at Annual General Meetings.

Ordinary shares do not rank for dividend and will not participate in the final distribution of any surplus arising when the forests are sold.

Ordinary share capital is repayable at par when the forests are sold and the redeemable preference share capital is repaid.

11. RESERVES	Share premium €	Profit and loss €	Total €
At 1 June 2008	2,343,807	50,350	2,394,157
Loss for the financial year, attributable to equity shareholders	-	(31,856)	(31,856)
At 31 May 2009	<u><u>2,343,807</u></u>	<u><u>18,494</u></u>	<u><u>2,362,301</u></u>

12. SHAREHOLDERS' FUNDS	2009 €	2008 €
Reconciliation of movements in shareholders' funds:		
(Loss)/profit for the year	(31,856)	15,055
Opening shareholders' funds	2,407,490	2,392,435
Closing shareholders' funds	<u><u>2,375,634</u></u>	<u><u>2,407,490</u></u>

13. RELATED PARTY TRANSACTIONS

The directors of the company are also directors of I.F.S. Asset Managers Limited with which the company had the following transactions during the year:

1. €410 was charged to the company by I.F.S. Asset Managers Limited as capitalised forestry management charges (2008: €4,852) of which €410 is outstanding to I.F.S Asset Managers Limited at the year end (2008: € Nil).
2. €40,486 was charged to the company by I.F.S. Asset Managers Limited as forestry management charges (2008: €3,270), of which €11,280 is outstanding to I.F.S. Asset Managers Limited at the year end (2008: €Nil).
3. €Nil is owed by I.F.S. Asset Managers Limited to the company at 31 May 2009 for forestry management fees overcharged (2008: €824).
4. €880 was charged to the company for reimbursement for design, print, postage and stationary costs (2008: €850). €880 is due to I.F.S. Asset Managers Limited at 31 May 2009 as reimbursement (2008: €850).

14. INTEREST IN SHARE CAPITAL

The directors and secretary held no direct beneficial interest in the share capital of the company at the beginning and end of the year.

The ordinary share capital of the company is held by I.F.S. Asset Managers Limited.