

The Fourth Irish Forestry Fund
Public Limited Company

Reports and Financial Statements
for the year ended
31 May 2009

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

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THE FOURTH IRISH FORESTRY FUND 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 Ireland Limited
Dun Laoghaire
Co. Dublin

SOLICITORS

Lacy Walsh
77 Strand Road
Sandymount
Dublin 4

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

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 Fourth Irish Forestry Fund Public Limited Company, launched in 1998, is a thirty year investment fund. 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 Fund's forestry management plan.

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	(10,122)
Taxation	(71)
Loss on ordinary activities after taxation	<u>(10,193)</u>

KEY PERFORMANCE INDICATORS

As the company's 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 €180,477 for the year (2008: €434,712) 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 has affected all forest owners in receipt of premia equally. It is the Directors understanding that this is not necessarily a permanent reduction and 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.

DIVIDENDS

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

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 retire 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 associated with 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:

P. Brosnan
Director

T. McHugh
Director

7 October 2009

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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 FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

We have audited the financial statements of The Fourth Irish Forestry Fund Public Limited Company for the year ended 31 May 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 15. 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 auditor's 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 FOURTH IRISH FORESTRY FUND 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 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

7 October 2009

THE FOURTH IRISH FORESTRY FUND 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 comprise afforestation costs which are fully grant aided, together with enhancement costs where appropriate.

Land and forestry costs are not depreciated.

GRANTS

Capital grants receivable under Irish Government grant 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 deferred income and will be released to the profit and loss account when the related forests are clearfelled.

FOREST GROWTH

Forest growth is not recognised in the financial statements.

TAXATION

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions of 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 FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2009

	<i>Notes</i>	2009 €	2008 €
INCOME	1	53,082	65,158
Administrative expenses		(59,642)	(56,403)
OPERATING (LOSS)/PROFIT		(6,560)	8,755
Grant refunded/loss on disposal of land		(4,498)	(933)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(11,058)	7,822
Interest receivable	2	936	628
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(10,122)	8,450
Taxation (charge)/credit	5	(71)	4,812
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	(10,193)	13,262

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 profit after taxation disclosed above.

The financial statements were approved by the Board of Directors on 7 October 2009 and signed on its behalf by:

P. Brosnan
Director

T. McHugh
Director

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 MAY 2009

	Notes	2009 €	2008 €
FIXED ASSETS			
Tangible assets	6	2,647,714	2,652,121
CURRENT ASSETS			
Debtors	8	48,635	48,744
Cash at bank and in hand		38,714	46,536
		87,349	95,280
CREDITORS (Amounts falling due within one year)	9	(10,881)	(8,619)
NET CURRENT ASSETS		76,468	86,661
TOTAL ASSETS LESS CURRENT LIABILITIES		2,724,182	2,738,782
DEFERRED CREDITS	10	(787,230)	(791,637)
NET ASSETS		1,936,952	1,947,145
CAPITAL AND RESERVES			
Share capital	11	13,332	13,332
Share premium account	12	1,736,909	1,736,909
Profit and loss account	12	186,711	196,904
Equity	11	1,927,429	1,937,622
Non-equity	11	9,523	9,523
SHAREHOLDERS' FUNDS	13	1,936,952	1,947,145

The financial statements were approved by the Board of Directors on 7 October 2009 and signed on its behalf by:

P. Brosnan
Director

T. McHugh
Director

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2009

	2009 €	2008 €
Reconciliation of operating (loss)/profit to net cash outflow from operating activities		
Operating (loss)/profit	(6,560)	8,755
Decrease/(increase) in debtors	109	(3,682)
Increase/(decrease) in creditors	2,189	(8,685)
Net cash outflow from operating activities	<u>(4,262)</u>	<u>(3,612)</u>
Net cash outflow from operating activities	(4,262)	(3,612)
Returns on investments and servicing of finance		
Interest received	936	628
Taxation		
Corporation tax paid	(190)	(220)
Corporation tax refund	192	6,132
Capital expenditure and financial investment		
Capital grants received	4,407	22,314
Payments to acquire tangible fixed assets	(4,407)	(18,559)
(Loss)/proceeds from sales of tangible fixed assets	(4,498)	2,260
(Decrease)/increase in cash in the year	<u>(7,822)</u>	<u>8,943</u>
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash in the year	(7,822)	8,943
Net funds at 1 June 2008	46,536	37,593
Net funds at 31 May 2009	<u>38,714</u>	<u>46,536</u>

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

1. INCOME

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

	2009 €	2008 €
Premia income	54,711	65,158
Less: Premia refund	(1,729)	-
	<u>52,982</u>	<u>65,158</u>
Other income	100	-
Total income	<u><u>53,082</u></u>	<u><u>65,158</u></u>

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 €	2008 €
Deposit interest receivable	936	628
	<u>936</u>	<u>628</u>

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

	2009 €	2008 €
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Management charges for ongoing administration/management	50,910	48,352
Directors' remuneration	-	-
Auditors' remuneration	2,885	2,785
	<u><u>53,795</u></u>	<u><u>51,137</u></u>

4. EMPLOYEES AND REMUNERATION

There were no employees during the year.

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

5.	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2009	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	71	(4,812)
		<u> </u>	<u> </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:		
		2009	2008
		€	€
	(Loss)/profit on ordinary activities before taxation	(10,122)	8,450
		<u> </u>	<u> </u>
	(Loss)/profit on ordinary activities multiplied by standard rate of tax in Ireland of 12.5% (2008 : 12.5%)	(1,265)	1,056
	Effects of:		
	(Loss)/profit from operation of woodlands not subject to corporation tax	1,394	(877)
	Surcharge on undistributed investment income	144	28
	Disposal of land at rate higher than the standard rate of tax	-	101
	Interest and other income subject to a rate of tax higher than the standard rate of tax	130	79
	Overprovision in previous years	(332)	(5,199)
		<u> </u>	<u> </u>
		71	(4,812)
		<u> </u>	<u> </u>

(c) Factors that may affect future tax charges

Based on current taxation legislation no corporation tax or deferred tax arises on the operating profit, 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	2,652,121
	Grant clawback	(4,407)
	At 31 May 2009	<u>2,647,714</u>
	Net book values	
	At 31 May 2009	<u>2,647,714</u>
	At 31 May 2008	<u>2,652,121</u>

At 31 May 2009, land and forestry comprise land costs €1,860,484 (2008: €1,860,484) and afforestation costs €787,230 (2008: €791,637).

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

7. FOREST GROWTH

Forest growth during the year has been valued by an independent valuer at €180,477 (2008: €434,712) in accordance with standard forestry valuation procedures. Total forest growth at the balance sheet date is valued at €2,100,155 (2008: €1,919,678). 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	45,132	46,543
VAT	1,534	338
Prepayments and other debtors	1,969	1,863
	<u>48,635</u>	<u>48,744</u>
	<u><u>48,635</u></u>	<u><u>48,744</u></u>
9. CREDITORS (Amounts falling due within one year)	2009 €	2008 €
Creditors and accruals	10,641	8,452
Corporation tax	240	167
	<u>10,881</u>	<u>8,619</u>
	<u><u>10,881</u></u>	<u><u>8,619</u></u>
10. DEFERRED CREDITS	2009 €	2008 €
Capital (Forestry) grant:		
At 1 June 2008	791,637	769,323
(Decrease)/increase in year	(4,407)	22,314
At 31 May 2009	<u>787,230</u>	<u>791,637</u>
	<u><u>787,230</u></u>	<u><u>791,637</u></u>

Forestry grants in respect of afforestation costs have been capitalised and treated as deferred credits. They will be released to the profit and loss account when the related forests are clearfelled.

Capital (Forestry) grants may be refundable in certain circumstances set out in the grant agreements.

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

11. SHARE CAPITAL		2009	2008
		€	€
	Authorised:		
	30,000 Ordinary shares of €1.269738 each	38,092	38,092
	3,000 Redeemable preference shares of €1.269738 each	3,809	3,809
		<u>41,901</u>	<u>41,901</u>
	Allotted, called-up and paid:		
	30,000 Ordinary shares of €1.269738 each, (€0.317435 paid)	9,523	9,523
	3,000 Redeemable preference shares of €1.269738 each, (fully paid)	3,809	3,809
		<u>13,332</u>	<u>13,332</u>
	Unpaid:		
	30,000 Ordinary shares of €1.269738 each, (€0.952303 unpaid)	28,569	28,569

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 thirty years after the establishment of the Fund at which time the redeemable preference 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 preference share capital is repaid.

12. RESERVES		Share premium	Profit and loss	Total
		€	€	€
	At 1 June 2008	1,736,909	196,904	1,933,813
	Loss for the financial year, attributable to equity shareholders	-	(10,193)	(10,193)
	At 31 May 2009	<u>1,736,909</u>	<u>186,711</u>	<u>1,923,620</u>

THE FOURTH IRISH FORESTRY FUND PUBLIC LIMITED COMPANY

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

13. SHAREHOLDERS' FUNDS	2009	2008
	€	€
Reconciliation of movements in shareholders' funds:		
(Loss)/profit for the year	(10,193)	13,262
Opening shareholders' funds	1,947,145	1,933,883
Closing shareholders' funds	<u>1,936,952</u>	<u>1,947,145</u>

14. RELATED PARTY TRANSACTIONS

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

1. €40,478 was charged to the company by I.F.S. Asset Managers Limited as forestry management services (2008: €39,200)
2. €1,800 was charged by I.F.S. Asset Managers Limited as reimbursement for design, printing, postage and stationery costs (2008: €1,750).

15. INTEREST IN SHARE CAPITAL

The directors and secretary of the company, who held office at 1 June 2008 and at 31 May 2009 had the following interests in the shares of the company:

	Number of Shares held at 31 May 2009	1 June 2008
	No.	No.
Redeemable preference shares of €1.269738 each, fully paid:		
Paul Brosnan	2	2
Trevor McHugh	1	1
	<u> </u>	<u> </u>

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