

The Tenth Forestry Investment Plan
Public Limited Company

Reports and Financial Statements
for the year ended
31 May 2011

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

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THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Paul Brosnan MA B.Sc.

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

FOREST ASSET MANAGER

I.F.S. Asset Managers Limited
Eblana House
Eblana Avenue
Dun Laoghaire
Co. Dublin

INDEPENDENT FORESTRY CONSULTANTS

Forest Enterprises Limited
Chapel Hill
Lucan
Co. Dublin

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

The directors present their annual report, together with the audited financial statements, for the year ended 31 May 2011.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Tenth Forestry Investment Plan Public Limited Company, launched in 2004, is a ten year investment fund. The main activity of the company is to manage and maintain the woodlands and forestry assets of the company. All the lands have been planted in accordance with the Fund's forestry management plan.

FUTURE DEVELOPMENTS

The company holds stock of semi mature forestry, some of which has already entered its thinning cycle. The demand for bio fuels, including wood pellets and wood chip which are most relevant to the company, remains strong at present, while the directors are also cognitive of the alternative opportunities that are available to the company concerning output from all thinnings. These include the market for stake and pallet, which are timber markets that the company can supply from its forests even in early thinning operations. The directors will continue to look at all categories of timber so as to maximise the benefit of the overall forestry portfolio.

RESULTS FOR THE YEAR

	2011 €
Loss on ordinary activities before taxation	(37,882)
Taxation	(2,228)
Loss on ordinary activities after taxation	<u>(40,110)</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 €471,990 for the year (2010: €346,544) and has been calculated in accordance with standard forestry valuation procedures.

The company suffered a fire on two of its properties over the period. Industry standard insurance was in force and the insurance claim has been settled.

DIVIDENDS

The directors do not recommend payment of a dividend in respect of the year ended 31 May 2011.

POST BALANCE SHEET EVENTS

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

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.

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

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:

Paul Brosnan
Director

Trevor McHugh
Director

19 December 2011

THE TENTH FORESTRY INVESTMENT 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; and
- 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 TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

We have audited the financial statements of The Tenth Forestry Investment Plan Public Limited Company for the year ended 31 May 2011 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 16. 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 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 TENTH FORESTRY INVESTMENT 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 2011 and of the 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 2011 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the company.

Gerard Fitzpatrick
For and on behalf of Deloitte & Touche
Chartered Accountants and Registered Auditors

19 December 2011

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

THE TENTH FORESTRY INVESTMENT 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 on a receivable basis.

Revenue from the sale of timber is recognised when the timber has been harvested.

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 the 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 results 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 TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011**

	<i>Notes</i>	2011 €	2010 €
INCOME	2	70,982	52,448
Administrative expenses		(114,139)	(135,346)
OPERATING LOSS		(43,157)	(82,898)
Profit/(loss) attributable to forest fires		68	(28,478)
OPERATING LOSS ON ORDINARY ACTIVITIES		(43,089)	(111,376)
Interest receivable and other income	3	5,207	5,898
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(37,882)	(105,478)
Taxation charge	6	(2,228)	(4,459)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(40,110)	(109,937)

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 the shareholders' funds other than the loss after taxation disclosed above.

The financial statements were approved by the Board of Directors on 19 December 2011 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 MAY 2011

	Notes	2011 €	2010 €
FIXED ASSETS			
Tangible assets	7	5,445,614	5,405,833
CURRENT ASSETS			
Debtors	9	40,008	26,834
Cash at bank and in hand		47,277	23,830
		87,285	50,664
CREDITORS: (Amounts falling due within one year)	10	(123,648)	(48,311)
NET CURRENT (LIABILITIES)/ASSETS		(36,363)	2,353
TOTAL ASSETS LESS CURRENT LIABILITIES		5,409,251	5,408,186
DEFERRED CREDITS	11	(523,299)	(482,124)
NET ASSETS		4,885,952	4,926,062
CAPITAL AND RESERVES			
Called-up share capital	12	17,000	17,000
Share premium account	13	4,864,614	4,864,614
Profit and loss account	13	4,338	44,448
SHAREHOLDERS' FUNDS	14	4,885,952	4,926,062

The financial statements were approved by the Board of Directors on 19 December 2011 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2011

	2011 €	2010 €
Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		
Operating loss	(43,157)	(82,898)
Increase in debtors	(13,174)	(2,418)
Increase in creditors	74,253	31,129
Net cash inflow/(outflow) from operating activities	<u>17,922</u>	<u>(54,187)</u>
Net cash inflow/(outflow) from operating activities	17,922	(54,187)
Returns on investments and servicing of finance		
Interest and other income received	5,207	5,898
Taxation		
Corporation tax paid	(1,144)	(4,793)
Capital expenditure and financial investment		
Capital grants	41,175	18,353
Payments to acquire tangible fixed assets	(51,427)	(37,508)
Proceeds from disposal of tangible fixed assets	11,714	15,285
Increase/(decrease) in cash in the year	<u>23,447</u>	<u>(56,952)</u>
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the year	23,447	(56,952)
Net funds at 1 June 2010	23,830	80,782
Net funds at 31 May 2011	<u>47,277</u>	<u>23,830</u>

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

1. GOING CONCERN

The financial statements have been prepared on a going concern basis.

The company reported a loss for the year amounting to €40,110 (2010: €109,937) and had net current liabilities at the balance sheet date of €36,363 (2010: net current assets €2,353). The company's largest creditor, I.F.S. Asset Managers Limited, has indicated that they have always recognised that, due to the nature of the company's activities, revenues are periodic, and therefore, they will not require payment of outstanding debts until such time as the company is in a position to do so. I.F.S. Asset Managers Limited recognises and accepts that this period may be in excess of 12 months. This will enable the company to meet its other financial obligations as they fall due. The directors are, therefore, satisfied as to the appropriateness of the going concern basis.

The financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities, which would result if the company was unable to continue as a going concern.

2. INCOME

	2011 €	2010 €
Premia income	42,460	42,458
Harvesting income	26,922	9,990
Management plan contribution income	300	-
RTE license	1,000	-
Hunting license	300	-
	<u>70,982</u>	<u>52,448</u>

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

3. INTEREST RECEIVABLE AND OTHER INCOME

	2011 €	2010 €
Deposit interest receivable	175	507
ESB easements – compensation	3,808	4,185
ESB easements – loss of timber	1,224	1,206
	<u>5,207</u>	<u>5,898</u>

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2011	2010
	€	€
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Management charges for ongoing administration/management/valuation	89,313	109,984
Harvesting costs	6,732	8,146
Directors' remuneration	-	-
Auditor's remuneration	2,920	2,955
(Profit)/loss attributable to forest fires	(68)	28,478
	<hr/>	<hr/>
Auditor's remuneration disclosure (excluding Value Added Tax):		
-Audit	2,850	2,850
-Tax advisory services	1,100	1,100
-Other assurance services	-	-
-Other non-audit services	-	-
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5. EMPLOYEES AND REMUNERATION

There were no employees during the year.

6. TAX ON LOSS ON ORDINARY ACTIVITIES	2011	2010
	€	€
(a) Analysis of the tax charge for the year:		
The tax charge on the loss on ordinary activities for the year was as follows:-		
Corporation tax on the loss for the year	2,054	1,824
Adjustment to tax charge in respect of previous years	174	2,635
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	2,228	4,459
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THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

6. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued) 2011
€ 2010
€

(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:

	2011 €	2010 €
Loss on ordinary activities before taxation	(37,882)	(105,478)
Loss on ordinary activities multiplied by standard rate of tax in Ireland of 12.5% (2010 : 12.5%)	(4,735)	(13,185)
Effects of:		
Operation of woodlands not subject to corporation tax	5,396	13,771
Surcharge on undistributed investment and other income	733	651
Interest and other income subject to higher rate of tax	660	587
Adjustment to tax charge in respect of previous years	174	2,635
Tax charge for the year	2,228	4,459

(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.

7. TANGIBLE ASSETS	Land and Forestry €
Cost	
At 1 June 2010	5,405,833
Additions	51,427
Disposals	(11,646)
At 31 May 2011	5,445,614
Net book values	
At 31 May 2011	5,445,614
At 31 May 2010	5,405,833

At 31 May 2011 land and forestry comprise land costs €4,964,732 (2010: €4,956,054), and afforestation grant €480,882 (2010: €449,779).

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

8. FOREST GROWTH

Forest growth during the year has been valued by Forest Enterprises Limited, an independent valuer, at 31 May 2011 at €471,990 (2010: €346,544) in accordance with the standard forestry valuation technique of Discounted Cash Flows with reference to current market valuations. Total forest growth at the balance sheet date is valued at €2,278,801 (2010: €1,806,811). Forest growth is not included in the financial statements, which are prepared under the historical cost convention.

9. DEBTORS: (Amounts falling due within one year)	2011 €	2010 €
Trade debtors- premia income	-	2,416
VAT	1,466	-
Prepayments and other debtors	9,697	8,209
Other Debtors	28,845	16,209
	<u>40,008</u>	<u>26,834</u>

10. CREDITORS: (Amounts falling due within one year)	2011 €	2010 €
Creditors and accruals	121,920	47,667
Corporation tax	1,728	644
	<u>123,648</u>	<u>48,311</u>

11. DEFERRED CREDITS	2011 €	2010 €
Capital (Forestry) grant:		
At 1 June	482,124	463,771
Increase in year	41,175	18,353
At 31 May	<u>523,299</u>	<u>482,124</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 TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

12. SHARE CAPITAL

	2011 €	2010 €
Authorised		
40,000 Ordinary Shares of €1 each	40,000	40,000
7,000 Redeemable Preference Shares of €1 each	7,000	7,000
	<u>47,000</u>	<u>47,000</u>
Allotted, called up and paid		
40,000 Ordinary Shares of €1 each (€0.25 paid)	10,000	10,000
7,000 Redeemable Preference Shares of €1 each (fully paid)	7,000	7,000
	<u>17,000</u>	<u>17,000</u>
Unpaid		
40,000 Ordinary Shares of €1 each (€0.75 unpaid)	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

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 Plan 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.

13. RESERVES

	Share premium €	Profit and loss €	Total €
At 1 June 2010	4,864,614	44,448	4,909,062
Loss for the financial year, attributable to equity shareholders	-	(40,110)	(40,110)
At 31 May 2011	<u>4,864,614</u>	<u>4,338</u>	<u>4,868,952</u>

THE TENTH FORESTRY INVESTMENT PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

14. SHAREHOLDERS' FUNDS	2011 Equity €	2011 Non-Equity €	2011 Total €	2010 Total €
Loss for the year	(40,110)	-	(40,110)	(109,937)
Opening shareholders' funds	4,916,062	10,000	4,926,062	5,035,999
Closing shareholders' funds	<u>4,875,592</u>	<u>10,000</u>	<u>4,885,952</u>	<u>4,926,062</u>

15. 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. €71,499 was charged to the company by I.F.S. Asset Managers Limited as forestry management charges (2010: €74,675).
2. €89,499 is owed to I.F.S. Asset Managers Limited at 31 May 2011 for forestry management charges (2010: €23,933).
3. €2,500 was charged to the company for reimbursement for design, print, postage and stationery costs (2010: €2,500). €2,500 is due to I.F.S. Asset Managers Limited at 31 May 2011 (2010: €2,150).

16. 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, which is controlled by the directors of the company.