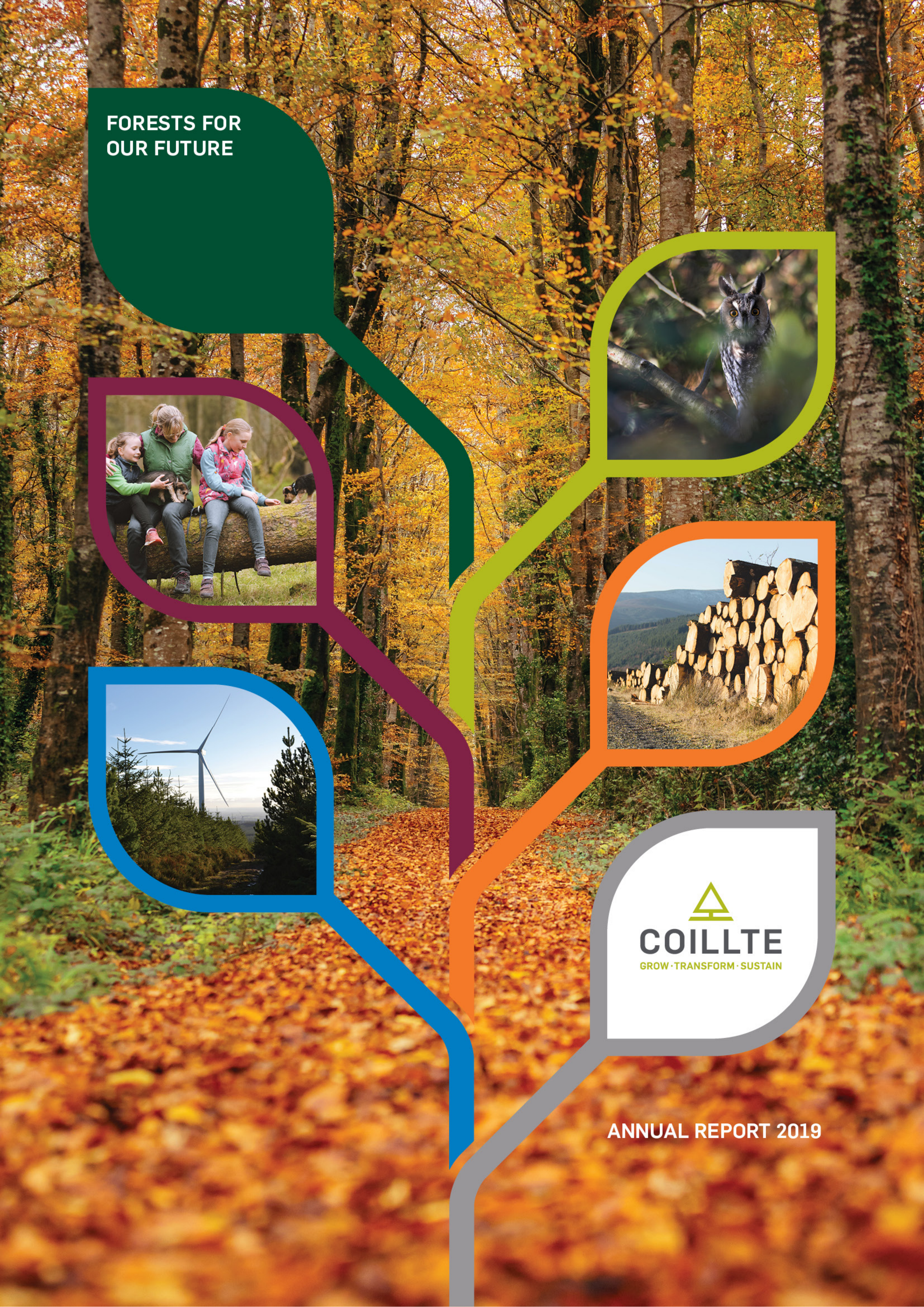
FORESTS FOR OUR FUTURE



COILLTE

GROW · TRANSFORM · SUSTAIN

ANNUAL REPORT 2019

CONTENTS

Cover Photo: Coillte's Hazelwood Forest, Co. Sligo.

WHO WE ARE

COILLTE IS THE CUSTODIAN OF OVER 440,000 HECTARES OF IRELAND'S FOREST LANDS. WE MANAGE OUR FORESTS AND BUSINESSES TO CREATE A SUSTAINABLE FUTURE FOR US ALL.

WHAT WE DO

WE PROVIDE SUSTAINABLE MATERIALS TO BUILD HOMES AND WORKPLACES

WE DELIVER COMMERCIAL SUCCESS

WE PROTECT AND ENHANCE THE ENVIRONMENT

WE CLEAN THE AIR YOU BREATHE

WE INVEST IN RURAL COMMUNITIES IN WHICH WE ARE ALL ROOTED

WE PROVIDE HEALTHY SPACES FOR US ALL TO ENJOY

WE DEVELOP GREEN ENERGY TO POWER HOMES AND BUSINESSES

CHAIR'S STATEMENT

My first year as Chair in 2019 has highlighted for me the significant contribution Coillte can make to Ireland in a number of areas. It was a year of change in many ways, with the appointment of a new CEO, Imelda Hurley, and new directors to the Board against a backdrop of a challenging market environment dominated by Brexit. Nevertheless, the company had its second best ever financial performance with a number of other new initiatives in biodiversity and renewable energy.

2019 has been a year of transition for Coillte in many ways. The heightened societal and economic focus on sustainability over the past year has placed new demands on Coillte to play a larger role in shaping Ireland's future in this regard. At the same time, we are also conscious of our responsibility to optimise our forests as one of Ireland's key assets. We will continue to strive to achieve a balance in these sometimes competing agendas, to ensure that Ireland and its people can enjoy the benefits of our forests.

My first year as Chair has also seen significant transition within the company. We were pleased to announce the appointment of Imelda Hurley as CEO, following the departure of Fergal Leamy, and there were also a number of new appointments to the Board. This pace of change internally was matched by external market Brexit uncertainty in our core UK market, and towards the latter part of the year, challenges in the procurement of felling licences to enable us to manage our forests effectively. Despite these, the company had its second best ever financial performance, and this is a testament to the commitment and calibre of our staff.

FORESTRY HAS NEVER BEEN MORE RELEVANT THAN IT IS TODAY. FORESTS PROVIDE SUSTAINABLE BUILDING MATERIALS, CAN IMPROVE OUR BIODIVERSITY, CLEAN OUR WATER AND REDUCE THE RISK OF FLOODING.

Forests are at the heart of everything we do. Ireland's forests represent our largest national carbon sink and store, sequestering c.4m tonnes of new carbon every year and storing c.55m tonnes of carbon in total. They also provide sustainable building materials, can improve our biodiversity, clean our water and reduce risk of flooding along with providing recreational areas for all. In fact we have an estimated 18 million visits to our forests each year, or an average of approx. 4 visits per person. Coillte is keen to play its part in delivery of the new national afforestation targets of 8,000 hectares per annum under the Climate Action Plan, but can best do so in the context of a new national land use policy.

Today one fifth of our estate (90,000 hectares) is managed for biodiversity purposes. Last year we also launched Coillte Nature which will undertake major biodiversity projects such as our Dublin Mountains project, and our collaboration with Bord na Móna to transform 1,500 hectares of bog into native woodland. We also aim to optimise our land in the use of onshore wind, through our recent agreement with ESB to establish a new joint venture development company.

None of this would be possible without our people. In the past year I have had the pleasure of meeting a wide range of staff across the organisation and I would like to thank them for their contribution which allows Coillte to exceed its own expectations in what it can achieve, especially at the current time when we are wrestling with the challenges of COVID-19. I would also like to thank our customers, contractors and suppliers for their continued support and engagement. On behalf of the Board, I would also like to thank our shareholders, the Minister for Agriculture, Food and the Marine and the Minister for Public Expenditure and Reform, together with their officials and advisors in NewERA, for their strong support in a year of significant transition.

The recent advent of COVID-19 will have significant impacts for Ireland and across the globe. Coillte too is, and will be, equally affected in 2020, but our team are focused on adapting to and addressing the emerging reality. Forestry has never been more relevant than it is today and I look forward to leading the Board and the organisation in continuing to deliver for Ireland and its citizens in the years ahead.

Bernie Gray
Chair

CHIEF EXECUTIVE'S REVIEW

I am delighted to have taken up the role of CEO at such an exciting, yet challenging, time for Coillte.

Having joined the company at the start of November 2019, it is already clear to me that Coillte has a real role to play in providing solutions to significant societal challenges, including Climate Action and Biodiversity protection. It is also evident that the best way to ensure we have the financial resources to contribute effectively in the future is to continue to build a strong, vibrant commercial business, which balances the economic, social and environmental dimensions of forestry.

Group Financial Performance

During 2019, the market environment was challenging, particularly in the second half of the year. Our Forest and MEDITE SMARTPLY businesses faced significant headwinds in the core UK market. This was due to continued Brexit uncertainty combined with an excess supply of forest products caused by bark beetle damage in Central Europe. This manifested in significant downward price pressure for sawnwood, MDF and OSB, with all product categories suffering sales price declines of 15%-20% from their highpoint at the end of Q1 2019.

Despite this challenging backdrop, the business delivered the second best financial performance ever. It generated EBITDA of €103m and Operating Cash of €54m, close to the EBITDA of €115m and Operating Cash of €60m delivered in record breaking 2018. The strength of the underlying 2019 performance is particularly evident when we take account of the sale of the majority of our operating wind farms in December 2018, as they accounted for c.€7m in recurring EBITDA and Operating Cash.

It is also really pleasing to note that, for the first time ever, the Group is debt free. At the end of 2019 we had net cash balances of c.€4m. This provides us with a strong foundation for the growth and investment programmes we are planning under our new strategy.

THE LAUNCH OF COILLTE NATURE IN JUNE 2019 WAS A REALLY IMPORTANT MILESTONE FOR THE GROUP. COILLTE NATURE WILL FOCUS ON DELIVERING SIGNIFICANT PROJECTS IN AREAS SUCH AS NEW NATIVE WOODLAND CREATION, BIODIVERSITY ENHANCEMENT AND THE CONVERSION OF URBAN FORESTS.

2019 Highlights

2019 was a **record year for log sales.** In our Forest business we supplied over 2.7m m^3 of wood fibre to our Medite SmartPly business and our sawmill customers. We also **replanted over 9,000 hectares of new forests**. That replanting, which recommences the cycle of carbon sequestration and sustainable timber production, was again at the highest level ever.

The **launch of Coillte Nature** in June 2019 was a really important milestone for the Group. Coillte Nature will focus on delivering projects in areas such as new native woodland creation, biodiversity enhancement and the conversion of urban forests. We intend growing Coillte Nature into a successful not-for-profit business and will be investigating a range of external funding sources to help us scale up activity in the near term.

In 2019, we also improved the recreational value of our woodlands. The c.€8m **redevelopment of Avondale Forest Park in Co. Wicklow as a "Place for Visionaries"** is now in the advanced planning phase. We expect to make further significant progress on this project, which is designed to showcase the life and times of the Parnells and the history of Irish forestry, during 2020.

We were also delighted to open the first 20km of our latest international standard **Mountain Bike Trail (MTB)**. We intend to open the remaining 80km of this trail in the Sliabh Bloom mountains, along with a further 50km of trails and facilities across our five mountain bike centres, over the next three years.

Throughout 2019, we worked closely with the ESB on an ambitious joint venture. This project is focused on **delivering over 1 GW of new renewable energy** (mostly onshore wind) by 2030. I am delighted that we executed final agreements underpinning this joint venture in November 2019, subject to regulatory clearance and shareholder approval. This new renewable energy development venture is really significant. I believe it is capable of playing a key role in the next phase of de-carbonising electricity generation in Ireland and in attaining the Climate Action Plan's target of 70% renewables by 2030.

In October 2019, we received Board approval to **proceed with Phase 2 of the SmartPly Renewal investment.** This will focus on the Dryers, Energy Plant and Screens, and when combined with the €59m investment already made in replacing the Press and Finishing end, it will underpin the future competitiveness of SmartPly. We are currently seeking shareholder approval for the investment which we believe will realise significant cost savings and allow us to increase production and keep pace with our customers' ambitious growth plans.

The **construction of the world's first Tricoya wood chip acetylation facility** in Hull, UK has proceeded at pace over the course of Q1 2020. This project, which did experience some delays during 2019, is a joint venture with our partners BP and Accsys Technologies. Medite will be the key off taker for the Tricoya chip supply from the plant when it is up and running, which it is currently expected to be by the end of 2020. This will enable us to significantly ramp up sales of Medite Tricoya Extreme, which is continuing to exhibit strong demand and price development and is a cornerstone of Medite's future value added strategy.

2019 was also a very important year for Coillte's people. In June, there was an uplifting **Celebration of the First 30 Years** in Avondale, for staff and pensioners. The event marked and acknowledged the enormous contribution of past and present Coillte people to the business through the decades. A new **Diversity and Inclusion policy**, branded ***"EVERYONE – Let's Grow Together"*** was also launched, in April.

2020 Outlook

The market environment in 2020 will be very challenging. As we entered the year, demand in our core markets of the UK and Ireland was reasonably strong, even though the overhang of excess supply which emerged in 2019 remained, and continued to exert downward pressure on prices. Additionally, the Department of Agriculture, Food and Marine ('DAFM') recently introduced new procedures for the screening and approval of licenced forestry operations, including the harvesting of timber and building of roads. These new procedures, originally implemented in 2019, have slowed the approval of felling licences for the 2020 harvest program and impacted on the availability of timber that Coillte can place on the market through auction. We continue to liaise with DAFM regarding the licencing of our harvest program and to ensure that we provide all of the supporting information required for the processing of our licencing applications.

At the time of writing, the COVID-19 Pandemic is creating enormous global economic and societal uncertainty. On 12 March, Ireland announced an initial series of measures to respond to COVID-19 and on 27 March announced an additional series of measures. Our focus is, to the fullest extent possible, to ensure the health, safety and welfare of our colleagues, our contractors, our customers and those who visit our recreational amenities. This pandemic has clearly changed the market dynamic and is likely to have a very significant adverse impact on our business for at least Q2 and Q3 of 2020.

Against this backdrop, we are projecting a significantly weaker financial performance in 2020 compared to 2019. However, we enter this period of severe market turbulence in a strong financial position with zero net debt. We also enter it very aware of our relevance to the longer term challenges facing society. Thus I am confident that we will rise to meet and overcome the current challenges and contribute strongly across all dimensions - economic, social and environmental - over the coming years.

Thank You

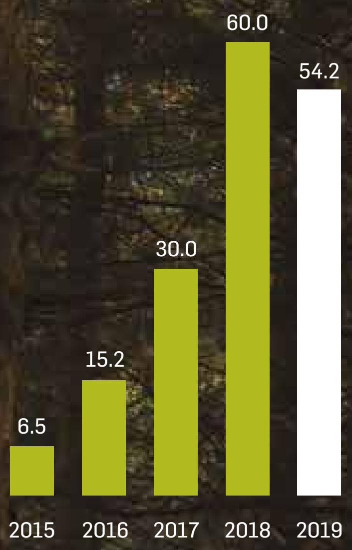
I would like to finish by thanking everyone at Coillte for the warm welcome I received on joining. I am most grateful to the Board and my colleagues for their time and insights, which facilitated me in quickly scaling the learning curve. Particular thanks is due to Gerry Britchfield for his assistance in my transition and for his excellent leadership as Acting Chief Executive for much of 2019.

And finally, thank you to everyone working in Coillte, who are going and have gone above and beyond, making changes to how and where they work, while also focusing on 'Keeping Coillte Moving' during these early days of the COVID-19 challenges. **We are all in this together and we will come through this together.**

Imelda Hurley
Chief Executive

FINANCIAL PERFORMANCE

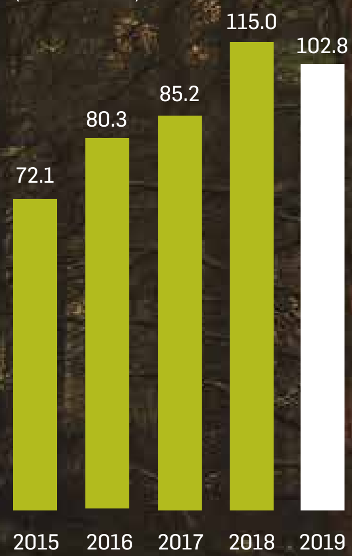
Operating cash flow
(€'million)



Turnover
(€'million)

Cash/(Net Debt)
(€'million)

EBITDA*
(€'million)



*excluding large scale land transactions

 Photo: Coillte's Cruagh forest in the Dublin Mountains.

2019 HIGHLIGHTS

€100m
plus EBITDA delivered for only second time in Coillte history

22 million
Number of trees planted, our highest ever, across 9,000 hectares of restocked forest

Awarded 'Deal of the Year' for sale of windfarm assets
€127m

Launch of not-for-profit business
Coillte Nature

SmartPly renewal investment approved by Coillte Board
€44m

Winner of 'Outstanding Achievement in Industry' at the Business & Finance Awards 2019, for contribution to Irish society

Achieved highest ever timber sales volumes
2.72 million m^3

Negotiated a joint venture with ESB to develop renewable energy
1GW

BUSINESS OVERVIEW

Following a record year in 2018, we consolidated our financial position in 2019. For only the second time in our history, we delivered EBITDA in excess of €100m (outturn of €103m in 2019 as against €115m in 2018). In addition, we generated a creditable Operating Cash outturn of €54m (as against €60m in 2018). The strength of the underlying 2019 performance is particularly encouraging, given the increased market turbulence arising in H2 and also factoring in the loss in 2019 of c.€7m in recurring EBITDA and Operating Cash which arose from the sale of the majority of our operating wind farms in December 2018.

It is also pleasing to note that at the end of 2019, for the first time ever, the **Group is debt free** (net cash balances of c.€4m). This provides us with a strong foundation for the growth and investment programme planned over the coming years. In addition, it will allow us to face into future market turbulence with confidence.

As we look forward to 2020, our markets remain challenging. Demand in our core markets of the UK and Ireland will be severely impacted in at least Q2 and Q3 of 2020 by the COVID-19 crisis. In addition, we are facing a further year of Brexit uncertainty. Accordingly, we are projecting a significantly weaker financial performance in 2020 than in 2019.

FOREST

Forest Business

Our Forest business delivered a very strong financial performance in 2019, matching the previous year's highest ever EBITDA.

This performance was largely driven by our highest ever timber sales volumes of 2.72 million m^3, of which 1.65 million m^3 were sold as sawlog to our sawmill customers. Our sawlog sales increased by 8% in the year, up from 1.52 million m^3 in 2018. This was an excellent result given the backdrop of a turbulent timber market in the UK and in Europe.

At the beginning of the year, it appeared that the dominant issue would be uncertainty caused by Brexit. However as the year progressed a more significant issue turned out to be the over-supply of sawnwood products from mainland Europe.

These products, which flooded the UK market, were the result of significant damage done to many forests in Europe by the European Spruce Bark Beetle *(Ips typographus)*, which resulted in significant clearfell volumes. In the second half of the year, timber prices reduced significantly right across Europe due to the increase in supply.

The outlook for the timber market in 2020 remains challenging. The oversupply situation is forecast to improve somewhat as the year progresses. However, COVID-19 and continued uncertainty over the UK's future trading arrangements with the EU will result in a challenging market backdrop.

Forest Management

Timber production and sales are not the Forest Division's only concerns of course. It also manages the other aspects of the Group's forestry business, including tree planting, forest management and protection, biodiversity protection and outdoor recreation. There were several notable achievements in these areas in 2019, including the planting of the highest number of trees ever. In total, 22 million trees were planted across 9,000 hectares of restocked forest in 2019.

It was also a good year for forest fire protection. Just over 50 forest fires were reported, down from 150 in 2018. This represented a very good year in terms of forest damage. Only 25 hectares were affected, an outcome which was due to a combination of benign weather conditions and the Coillte driven public awareness campaign.

2019 was the first year that Coillte had a joint FSC®[1] and PEFC™ forest certification audit. No major corrective actions were identified, an audit result which we believe was evidence of our excellence in forest management.

Our 'BioForest' project made good progress during the year. The aim is to classify over 90,000 hectares of biodiversity and nature areas in our estate, so that we both understand and develop their ecological value. We have now completed the bioclassification exercise to determine the importance of these habitats, and 2019 saw the start of detailed forest plans to enhance and restore them, being developed.

There were also notable achievements in outdoor recreation. The major redevelopment of Avondale House and Forest Park, to create a national visitor destination, moved through detailed design stage, with works to commence in earnest in 2020.

The year also saw the development of new Mountain Bike infrastructure. Mountain Bike Trails were developed in Coolaney, Co. Sligo and Slieve Bloom Mountains in Co. Laois and Co. Offaly. Both of these trails will be officially opened in 2020 and will bring many additional tourists and visitors to these areas.

Forest Production

Coillte's main business activity is of course to produce wood from its forests. Valuable products such as construction timber, MDF, OSB, Pallet and Fencing are created from this wood, which is at the same time being produced in a sustainable and responsible way.

We plant more tress than we harvest each year, which demonstrates that wood, while being fundamental to meeting our need for building materials is also a wonderful renewable resource.

The vast majority of the wood harvested in 2019 was used to create valuable timber products, with very little used for energywood. This shows that the Irish timber industry is not only efficient at maximising wood for products, but also at maximising the amount of carbon that is locked away from the atmosphere over the long term.

[1] FSC licenced code FSC-C005714

LAND SOLUTIONS & VENTURING

The Land Solutions and Venturing business set out on a new path in 2019. It's a path which will see its focus change quite dramatically, as what was the largest part of its operation, its renewable energy projects, will be absorbed into a new joint venture company with the ESB in 2020.

The Land Solutions and Venturing Business which remains began to focus, in 2019, on five areas:

- Property Sales and Acquisitions
- Coillte Nature
- Strategic Investments and Asset Management
- Venturing
- Sustainability

As part of the re-focusing, the team structure was revised to add expertise in areas such as finance, project management, acquisitions and sales. Developing this new team will enable us to grow the business in 2020.

Property Sales and Acquisitions

During 2019, we continued to grow the overall productivity of the Coillte estate through the sale of unproductive land and the purchase of immature forests and bare land. In total, we sold 280 hectares, which realised €14.9m, and we acquired 200 hectares.

Coillte Nature

In 2019, we launched Coillte Nature. This initiative will deliver new native woodlands and undertake biodiversity restoration projects at scale, on a not-for-profit basis. A new team, with internal and external expertise, has been put in place and work has commenced on four key projects. The highlights are new woodlands creation work on Bord na Móna lands, the Dublin Mountains Conversion Plan, the Hazelwood Restoration Project and the shortlisting for an EU-LIFE project.

Strategic Investments and Asset Management

Land Solutions will continue to make and manage investments on behalf of the Coillte Group.

The investments being managed currently are the Sliabh Bawn Windfarm in Roscommon and our investment in the Tricoya venture, which includes an acetylated wood chip facility which is located in Hull, UK.

Venturing

A dedicated venturing unit was established in 2019. Given the growing emergence of the bio-economy and the potential opportunity for wood fibre, the unit will assess future market opportunities for forestry beyond 2025.

Sustainability

During 2019, work began on a new framework to help us deliver on our strategic aim to have sustainability at the heart of everything we do. We expect to advance the work, which will show how Coillte and the forest industry can help address the climate and bio-diversity emergency, in 2020 and beyond.

RENEWABLE ENERGY

Negotiations between Coillte and the ESB on the establishment of a new joint venture focused on renewable energy concluded in late November. The transaction, which represents an exciting development for Coillte, is expected to complete in 2020 subject to all necessary regulatory and shareholder approvals.

The new Coillte-ESB joint venture company will be an important enabler towards Ireland's transition to a more sustainable future in electricity generation, a key component of the Government's 2019 Climate Action Plan.

The stated ambition is to contribute up to 1GW of new onshore wind by 2030. A number of the projects which will deliver this target are positioned to enter planning in 2020 due to work carried out in 2019. Each project differs, but common to them all is the community engagement model deployed by the Renewable Energy team. Building on the Company's unique forestry heritage and connection to local communities, the team put a significant focus on building lasting relationships with communities founded on trust, transparency and respect. We are very grateful for the time, energy and engagement shown by many communities across several projects.

THE NEW COILLTE-ESB JOINT VENTURE WILL BE AN IMPORTANT ENABLER OF IRELAND'S TRANSITION TO A MORE SUSTAINABLE FUTURE IN ELECTRICITY GENERATION, A KEY COMPONENT OF THE GOVERNMENT'S 2019 CLIMATE ACTION PLAN.

Photo: Wind Turbine in Coillte's Sliabh Bawn Forest, Co. Roscommon.

MEDITE SMARTPLY

In 2019 MEDITE SMARTPLY delivered one of its strongest performances in recent years. This built on the successes of 2018, and was achieved despite continued product oversupply into our core markets. That oversupply, and the uncertainties surrounding the United Kingdom's departure from the European Union, resulted in price softening during the year.

However continued investment in our 'Speciality and Technical' product propositions allowed us to further evolve our differentiation in the market and mitigate the impacts of the falling prices.

Our focus on LEAN 'operational excellence' in both our mills saw us driving continued improvements in our manufacturing efficiency, while a refreshed 3-year safety programme, focusing on colleague and customer wellbeing, was implemented across the business.

We expect 2020 to be challenging due to the COVID-19 crisis. The impact of the UK's exit from the European Union is also likely to become clearer as we move through 2020.

Offsite construction will become a major focus for our commercial activities as its market share is forecast to grow across Europe. Our investment in MEDITE Tricoya Extreme is expected to reach a major milestone with raw material output expected from the Hull facility. This will provide the opportunity for continued business growth and geographic expansion.

MEDITE SMARTPLY TECHNICAL AND SPECIALITY PRODUCTS ARE HELPING TO DELIVER INNOVATIVE CONSTRUCTION PROJECTS THROUGHOUT EUROPE WITH A RANGE OF MDF AND OSB PANELS THAT MEETS THE MOST DEMANDING APPLICATIONS AND SPECIFICATIONS.

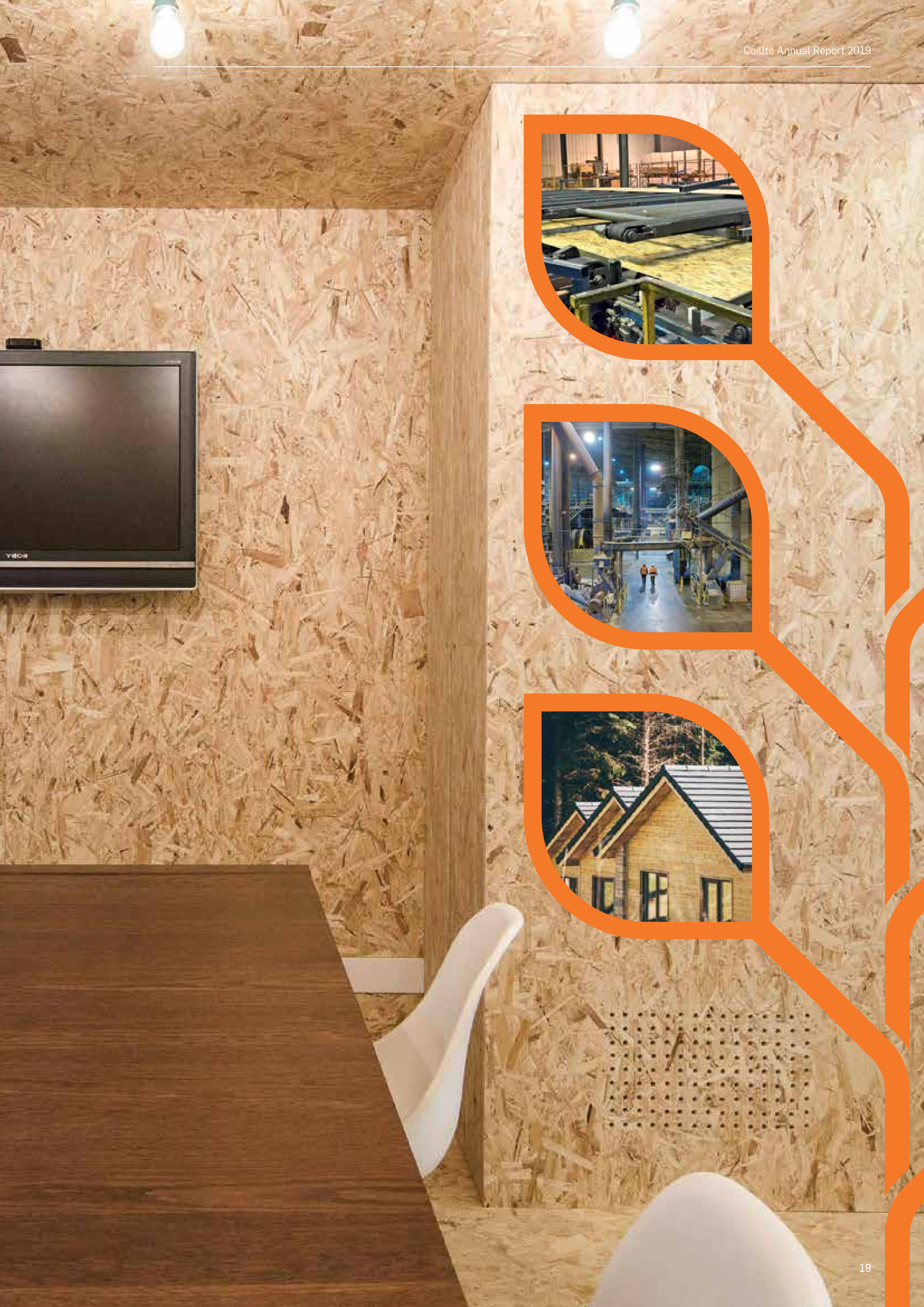
MEDITE SMARTPLY is a market leading manufacturer of environmentally produced, sustainable, timber construction panels. As acknowledged industry pioneers in the fields of MDF and OSB, the award-winning brand is renowned for delivering the highest quality products, customer led innovation and industry leading customer service.

A well-established supplier of choice to many distributors and industrial users in the UK, Benelux and Ireland, MEDITE SMARTPLY exports to over 30 countries in European and worldwide markets. We manufacture from our two plants in the south-east of Ireland, making us a major employer in the manufacturing sector in Ireland.

Strategy and Objectives:
MEDITE SMARTPLY's strategic vision is to become Europe's leading provider of technically advanced wood panel products. Our core focus is:

- **Relevance** – to build relationships where our customers need and want to trade with us
- **Scale** – to add value to our relationships beyond commercial outcomes
- **Collaboration** – to connect and develop common ground
- **Customer Experience** – to make ourselves accountable to the customer for our performance

This is led by a sales and marketing strategy which focuses on a specification led approach, targeted toward the client, user and specifier. We also strive to develop innovative product solutions which add value, as well as offering technical support and tools to improve build quality.



OUR PEOPLE

"Passion, pride and commitment are evident in all our people, right throughout the Group. It makes me very proud to work in Coillte."
— Tara Flynn, Group HR Director

Coillte sets out to attract, engage and develop a sustainable workforce to support our strategy and meet the needs of our business. During 2019, we undertook a number of initiatives to help us do so.

 Photo: Coillte's Dublin Mountain Forests.

HEALTH AND SAFETY

COILLTE IS COMMITTED TO MAINTAINING THE HIGHEST HEALTH AND SAFETY STANDARDS FOR ALL EMPLOYEES, CONTRACTORS AND OTHER KEY STAKEHOLDERS.

We have health and safety committees throughout the Group. They are responsible for identifying and managing potential health and safety risks and for reviewing any accidents or incidents against the international Occupational Safety and Health Administration (OSHA) standard.

Our OSHA performance for 2019 was 1.13 against a target of 1.5. This represents 7 recordable incidents where a person required medical attention and needed to take some time off. Whilst this was an improvement on 2018, we continue to highlight the importance of prevention, risk assessment, and education to continuously improve the safety culture across all areas of our business.

As part of our Health and Well Being strategy, free flu vaccinations were made available to staff in 2019 and employees also had the opportunity to attend health insurance workshops which were held in a number of offices across the country.

DIVERSITY AND INCLUSION

IN APRIL, WE LAUNCHED A DIVERSITY AND INCLUSION (D&I) STRATEGY, TO MAKE OUR ORGANISATION MORE INCLUSIVE AND EQUAL.

We are committed to fostering a positive work environment where 'EveryOne' can bring their true whole self to work and achieve their full potential. Our D&I committee, made up of volunteers throughout the Group, organised a number of events during 2019, including:

- Participation in IMI/30% Club Cross-Company Mentoring Programme
- Workshops for new mothers, fathers and managers
- Marching in the Pride Parade
- Lunchtime talks on building resilience and managing mental health

We also devised a new policy for those wishing to work beyond our normal retirement age; reviewed role profiles and interview guidelines to ensure there is no gender bias; developed a protocol for accessing meeting rooms in our offices for visitors; and provided sponsorship and support to 10 students currently living in Direct Provision.

We are proud of the progress we have made in this area but recognise that there is a lot more work to be done to ensure diversity and inclusion is embedded in every area of our Group.

Coillte's Diversity and Inclusion Committee

EMPLOYEE OPINION SURVEY

WE CARRIED OUT AN EMPLOYEE OPINION SURVEY IN 2019. THE RESULTS, WHILE OF COURSE HIGHLIGHTING WAYS IN WHICH WE COULD IMPROVE, WERE VERY ENCOURAGING.

91% of employees who completed the survey said they are familiar with the company values and over **84%** confirmed that they are fully or partially engaged.

Scoring for our work environment and job satisfaction were also very positive, while our employees declared the best thing about working in Coillte to be the sense of camraderie and support of colleagues.

The results were shared, and over 30 workshops were held to discuss and interpret the feedback and agree on the areas to be addressed as priorities. Those priorities turned out to be:

- Creation of an Internal Communications Strategy for the Group
- Promotion of the Personal Development Plan element of our performance management system
- Designation of 'open door' days when there are no meetings in the diary and managers are available for staff to drop in
- Introduction of a reverse mentoring programme
- Focus on recognition
- Highlighting the importance of 'down time' from emails and meetings

As a result of the Survey, Employee Engagement teams have been put in place in each division and a comprehensive Action Plan is being developed to respond effectively to the key themes.

MOONLIGHT CHALLENGE

ON SATURDAY 9TH NOVEMBER 2019, FORTY STAFF MEMBERS BRAVED THE DARK, WET AND WINDY HILLS OF WICKLOW TO TAKE PART IN THE 10TH ANNIVERSARY MOONLIGHT CHALLENGE.

The Moonlight Challenge is the main fundraising event for the Glen of Imaal Voluntary Red Cross Mountain Search and Rescue Team. It is an invigorating adventure through some of the most spectacular scenery of the Wicklow Mountains.

The 25km trek started at Glendalough House and followed the Wicklow Way through Brusher Gap, Paddock Hill, Brockagh Forest and Glendalough. It continued along St Kevin's Way, passed by Poulanass Waterfall and travelled up Trooperstown Hill before finishing at the Glen of Imaal Rescue Base.

Coillte sponsored reusable water bottles for the event. These replaced single-use plastic bottles and were given to each of the 800 participants on the night, in line with our War on Plastics initiative.

Top image (Left to Right): Philip O'Dea, Irene Grealy, Helen Meaney and Pat Neville complete the 2019 Moonlight Challenge.

Bottom image (Left to Right): Coillte's Liam Malone, Richard Lowe, Amanda Finnegan, Roisin Kelly and Gerard Murphy having just completed the Moonlight Challenge 2019.

WAR ON PLASTICS

COILLTE STAFF CONTINUED TO WAGE ITS 'WAR ON PLASTICS' IN 2019.

Having banned single-use plastics from our offices in 2018, we were already ahead of the game when, in January 2019, the Minister for Communications, Climate Action and the Environment announced that all public sector and semi-state bodies would be banned from purchasing certain single-use plastic items in their catering operations effective from March 2019.

The War on Plastics team has continued to build on this strong start. It set up improved monitoring of waste practices in offices, and provides feedback to offices across the country on their recycling practices.

Biodegradable bin liners were provided to the majority of our offices in 2019. **The initiative saved 10,500 plastic bin liners from entering landfill** and will be rolled out to all offices in the group in 2020.

We also reduced single use plastics at our Coillte Corporate Event. Compostable items were provided, and gifts, which would normally generate huge amounts of waste, were reduced. At the Christmas staff event, all Santa toys were wrapped in brown paper and Jute Twine.

The level of success we achieved over the year was clear from the increase in the number of colleagues who were seen bringing lunch-boxes and reusable bottles to work. It's great to see so many colleagues making new habits by remembering to bring their reusable bottle and lunch box to work and trying to find new plastic free options!

Meanwhile, we continue the search for even more plastic-free options.

JUNK KOUTURE

COILLTE TAKE TO THE CATWALK FOR JUNK KOUTURE

In late 2019, upcycled materials taken from Coillte's nursery in Ballintemple, Co. Carlow were used to design and create a stunning fashion creation called 'Back to Your Roots'. Students from Scoil Chríost Rí, Portlaoise designed the outfit to raise awareness about climate change for Junk Kouture, an innovative fashion competition which is now in its tenth year.

The creative students were Ciara Brennan, Alison O'Kelly and Rachel Mannion. Under the expert guidance of their Art teacher Jane Kelly, and using materials from Coillte, they wanted to show how trees can make a huge difference by removing carbon dioxide, the main gas responsible for climate change, from the atmosphere. The students' design, 'Back to Your Roots', showcases their awareness of the challenges of climate change and of the positive role that trees can play to help. The students plan to enter their stunning creation into the Regional Junk Kouture Fashion Show in 2020.

Students with CEO Imelda Hurley

CELEBRATING 30 YEARS OF BUSINESS IN 2019

Coillte's 30th Anniversary event, in Avondale Forest Park in June, was a wonderful celebration of Coillte past and present. On a beautiful day, we shared memories and showcased our products, machinery and technologies to almost 1,000 current and past employees and directors. We also provided business updates and details of current strategic projects.

The highlight of the day was undoubtedly the recognition of our 'unsung heroes'. A panel of judges from the Diversity and Inclusion Committee took on the very difficult task of selecting 16 worthy winners from over 150 colleague nominations. Each recipient was presented with a framed photo of the winning entry from a competition for the best image from our estate. Based on the response from all those in attendance on the day, the committee had done an excellent job in identifying the colleagues who work tirelessly in the background without looking for praise or recognition. They go above and beyond and are true role models in the way they live our values.

Coillte staff, past and present, celebrating Coillte's 30th Anniversary at the event in Avondale Forest Park June 2019.

30 YEAR TIMELINE HIGHLIGHTS

1989
Coillte formed

1993
Coillte nurseries produce 43 million plants

1998
Coillte develops 50 communication mast sites on its estate

2000
People's Millennium Forests project launched at 16 forests in Ireland

2001
Coillte awarded FSC certification for its sustainable forest management and starts ecological surveys of its estate

2002
Coillte acquires full ownership of Louisiana Pacific's Irish operations which start trading as SmartPly Europe

2006
Coillte purchases Medite Europe Ltd

2007
Opening of Coillte's upgraded Lough Key forest park

Photo: Coillte's Avondale Forest Park.

2010
Completion and sale of Coillte's first windfarm project at Garvagh Glebe

2012
SMARTPLY products used to build London Olympic Stadium

2014
Storm Darwin results in major damage to our forests, particularly in the South

2015
Center Parcs buy land from Coillte to develop world class holiday village in Ballymahon, Co. Longford

2015
Coillte sells its Telecoms masts business for more than €60m

2018
Coillte's Avondale Forest Park redevelopment granted planning permission

2018
Coillte sells its operating wind farms for €127m

2019
Coillte Nature launched

FORESTS FOR WOOD

Coillte is Ireland's largest producer of roundwood, the raw material that our sawmill customers and MEDITE SMARTPLY process into high quality timber and timber products. This wood production underpins a vibrant forestry sector in Ireland which today supports over 12,000 jobs, largely in rural Ireland. It contributes approximately €2.3 billion to the national economy.

Our wood is FSC® (Forest Stewardship Council®) and PEFC™ (Programme for the Endorsement of Forest Certification schemes) certified and our key customers operate in sawmilling, wood based panels, animal bedding, biomass and firewood.

Photo: Harvesting at a Coillte Forest, Co. Wicklow in 2019.

SUSTAINABLE FOREST MANAGEMENT

SUSTAINABLE FOREST MANAGEMENT IS ABOUT GETTING THE RIGHT BALANCE BETWEEN THE ENVIRONMENTAL, SOCIAL AND ECONOMIC ASPECTS OF FORESTS.

Our managers work hard to deliver that balance. We consult with independent ecologists to identify those forests which are best managed for nature. Our open forest policy delivers a social good to the 18 million visits we host every year, and our vibrant forest industry supports c12,000 jobs, mostly in rural Ireland.

Forest certification audits provide independent verification and our management practices are certified as sustainable by the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC).

In 2019, both FSC and PEFC audits were held together for the first time. They took place in Coillte's Central Munster Business Area Unit.

In addition, an ISO 18001 (OHSAS) Health and Safety audit was conducted of Coillte's forest operations and management systems. This was carried out by the National Standards Authority of Ireland (NSAI) in Coillte's South East Leinster Business Area Unit in April 2019.

Pictured above: (Left to Right): OHSAS 2019 – Engineering Road Contractor, NSAI Auditor and Coillte's Health, Safety and Security Manager.

TREE FELLING AND TREE PLANTING

22 MILLION TREES WERE PLANTED ACROSS 9,000 HECTARES OF RESTOCKED FOREST IN 2019, THE HIGHEST NUMBER OF TREES EVER.

2.72 MILLION CUBIC METRES OF ROUNDWOOD SOLD IN 2019

the highest ever volume of timber sales.

OVER 1 MILLION CUBIC METRES

of sawnwood was manufactured by our customers for use as sustainable building products.

700K CUBIC METRES OF MEDITE SMARTPLY

engineered wood product were manufactured, the vast majority of which was exported to over 30 countries.

HARVESTED WOOD PRODUCTS

COILLTE IS IRELAND'S LARGEST PRODUCER OF ROUNDWOOD, THE RAW MATERIAL THAT OUR SAWMILL AND PANEL BOARD CUSTOMERS PROCESS INTO HIGH QUALITY TIMBER AND TIMBER PRODUCTS.

Sitka spruce is our main commercial tree species. Our annual production of approximately 2.7 million cubic metres of roundwood generates revenue of over €140 million.

Our wood is FSC (Forest Stewardship Council®) and PEFC™ (Programme for the Endorsement of Forest Certification) certified and our key customers operate in sawmilling, wood based panels, animal bedding, biomass and firewood.

Our customers find a wide range of uses for our roundwood, which can be categorised into three main areas:

- **Pulp Wood**
  Wide variety of uses including wood based panel products (MDF, OSB), animal bedding products, biomass and firewood
- **Small Sawlog**
  Pallet and fencing type products used in Irish and UK markets
- **Large Sawlog**
  Mainly construction carcassing grade timber for use in the Irish and UK construction markets

MEDITE TRICOYA EXTREME

MEDITE TRICOYA EXTREME IS A NEW GROUNDBREAKING CONSTRUCTION MATERIAL DEVELOPED BY MEDITE SMARTPLY.

Using sustainably sourced FSC timber, MEDITE TRICOYA EXTREME is made using a high-performance resin which has zero added formaldehyde in its formulation. This ensures the product is suitable for environmentally sensitive areas.

The panels exhibit outstanding durability and dimensional stability which allow them to be used in applications once limited to products such as concrete, plastics or metals. With the added benefits of light weight, sustainable raw materials and a guarantee of up to 50 years above ground and 25 years in ground, these panels provide architects, specifiers and designers with an entirely new construction material, allowing great design flexibility and endless opportunities for creativity.

The combination of acetylated wood fibre with the manufacturing technology of MEDITE MDF means MEDITE TRICOYA EXTREME may now be used in situations and applications where normal MDF panels cannot. However, MEDITE TRICOYA EXTREME maintains all the design, fixing and machining flexibility of medium density fibreboards.

Photo: MTX used for exterior cladding with charred effect

FORESTS FOR CLIMATE

"Wood is an extraordinary renewable resource and taking it from well managed forests benefits forests and the planet, but on their own natural forests can't supply all the wood that we need. So we also have to farm trees, and create a new generation of plantations. Plantations that allow wildlife to pass through natural forest corridors, benefit local communities and economies. If we do all these things, we'll have: protected our natural ancient forests, be able to harvest all the timber we'll ever need; we'll have stabilised our climate, and have more natural forests than any of us have ever known".
— Sir David Attenborough, from 'Our Planet', 2019.

Photo: Wind Turbines in Coillte's Raheenleagh forest Co. Wicklow

RENEWABLE ENERGY

2019 WAS A YEAR WHEN THE INTERNATIONAL CLIMATE MOVEMENT PRODUCED A NEW GENERATION OF ACTIVISTS WHO BROUGHT IT MUCH MORE PROMINENCE.

The Irish energy area also witnessed significant changes. This includes the publication of the Government's Climate Action Plan, the design relating to the new RESS (Renewable Energy Support Scheme, scheduled for first auction in 2020) and new rules and underlying strategy relating to grid in Ireland. The Climate Action Plan, and its ambitious target for Ireland to reach 70% of renewable energy penetration by 2030, merits particular mention as it is expected to lead to up to 4GW of new onshore wind and 4GW of offshore wind in Ireland during the coming decade.

As the largest landowner in Ireland, Coillte has a key role to play in enabling the delivery of this ambitious strategy. If Ireland is going to meet its binding national commitments on combatting climate change and de-carbonising the economy, we must develop successful renewable energy projects. Coillte has been at the forefront of this effort and intends to continue to be so.

We have been a supporter of wind energy since the earliest days of the sector in Ireland in the 1990s. Of the approximately 4GW of wind farms now in operation here, over 30% are located on lands which we own or previously owned. They range from the Galway Wind Park, the biggest wind farm in Ireland, to small scale sites such as Cranemore (0.5MW).

Ireland continues to promote new sectors such as solar, storage and biomass. We will ensure that we continue to be a key contributor to the shaping of Ireland's renewable energy supply landscape.

TREES, CARBON AND CLIMATE CHANGE

TREES ARE KEY TO THE BATTLE AGAINST CARBON DIOXIDE, THE MAIN GAS RESPONSIBLE FOR CLIMATE CHANGE.

As they grow, trees remove carbon dioxide from the air. They convert this carbon into wood while at the same time releasing pure oxygen back into the atmosphere. This is incredibly valuable, ensuring forests with thousands of trees are both an effective carbon store and carbon sink.

The quicker a forest grows, the more carbon it removes from the atmosphere. Conifers grow at a faster rate than other trees, which is why they are perfect for carbon sequestration. Our fastest growing conifers have an average growth rate of 18 cubic metres per year compared to an average of 4 cubic metres for slower growing broadleaf trees.

If managed appropriately, commercial forests can have an advantage over natural forests in terms of removing and storing carbon.

Maturing trees in a natural forest can lose as much carbon to the atmosphere through decay as they absorb through growth. A managed forest however will continue to absorb carbon over multiple generations, as trees are harvested at maturity and replaced with new young trees. This maintains a rapid rate of carbon sequestration.

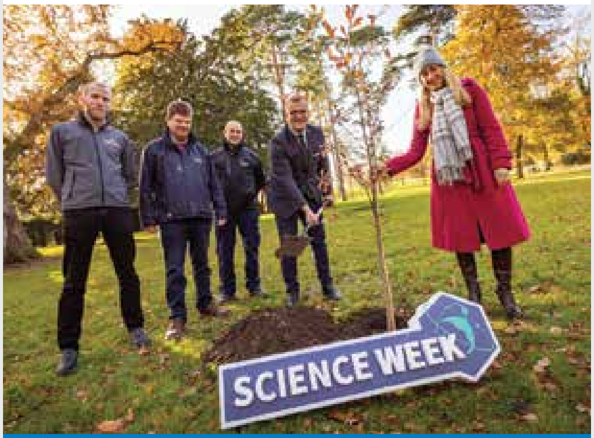
The timber products made from forest wood also lock carbon away, which means that using timber products for construction in place of carbon intensive materials such as bricks, concrete and steel also leads to further net reduction of carbon emissions.

SCIENCE WEEK / NATIONAL TREE WEEK

IN 2019 COILLTE WAS INVOLVED WITH NATIONAL TREE WEEK IN MARCH AND SCIENCE WEEK IN NOVEMBER. BOTH EVENTS SHOWCASED THE IMPORTANT ROLE THAT TREES AND WELL MANAGED FORESTS CAN PLAY IN COMBATTING CLIMATE CHANGE.

The theme of National Tree Week was "Planting for our Planet". Coillte donated 15,000 trees via the county councils to schools and communities across the country for tree planting events.

Building on that success, in November we worked with Science Foundation Ireland on Science Week. We donated 30,000 trees for tree planting events right across the country, again raising awareness of the important role trees and forests play in tackling climate change.



Pictured (Left to Right): Conor Barry, Coillte, Hugh Carrigan, OPW, Colm Mangan, OPW, John Paul Phelan, TD, Dr Abigail Ruth Freeman, Science Foundation Ireland.

PASSIVE HOUSE BUILDING

SMARTPLY PROPASSIV PROVIDES AN ENERGY EFFICIENT SOLUTION TO ENVIRONMENTAL ENGINEERS' PASSIVHAUS PROJECT

Nestled in the fashionable, switched-on London borough of Camden, high-performance Max Fordham House has been completed to the highest energy saving standards with SMARTPLY PROPASSIV.

An ultra low-energy, all-electric, contemporary, three-bedroom 'Passivhaus', Max Fordham House is specifically designed by bere:architects to feature a thermal envelope geared towards reducing heat loss.

The less heat lost from a building, the more overall environmentally efficient it can be. One way to achieve as little heat loss as possible is making the building airtight, which is the aim of the Passivhaus system.

SMARTPLY PROPASSIV, a structural OSB panel with integrated vapour control developed by MEDITE SMARTPLY especially for use in Passivhaus construction, is the vital ingredient in this project. Specified by the award-winning Bow Tie Construction company, SMARTPLY PROPASSIV provides a state-of-the-art, engineered vapour barrier with consistently high vapour resistance over the entire surface.

Max Fordham House, which was completed in the Spring of 2019 and achieves an Energy Performance Certificate of B 83, is the third project that Bow Tie Construction has specified SMARTPLY PROPASSIV for, favouring it for its rigidity and quality assurance compared to a traditional membrane-based system.

DID YOU KNOW?

1. **CARBON DIOXIDE GAS CAUSES CLIMATE CHANGE**
   Growing trees actively removes carbon dioxide from the atmosphere and converts it to wood while at the same time releasing pure oxygen.

2. **FOREST MANAGEMENT CAN HELP CLIMATE CHANGE**
   Coillte's sustainable forest management practices means we always replant trees after they have been harvested, helping to remove more carbon dioxide.

3. **WOOD AND WOOD PRODUCTS STORE CARBON**
   Choosing wood and wood products instead of non-renewable energy intensive products and fossil fuels helps reduce the effects of climate change.

4. **COILLTE'S FORESTS PLAY AN IMPORTANT ROLE IN REDUCING EFFECTS OF CLIMATE CHANGE**
   Ireland's forests represent the largest national carbon sink and store, sequestering c.4m tonnes of new carbon every year and storing c.55m tonnes of carbon in total.

Photo: Aerial view of Coillte's Hazelwood Forest in Co. Sligo.

FORESTS FOR NATURE

The climate and biodiversity emergencies are arguably the greatest challenges that humanity has ever faced. As Ireland's largest landowner, Coillte has a unique opportunity to deliver strategic solutions that help restore nature and improve the integrity of our life support systems. Today, 20% of all our forests are managed for the protection of wild species and habitats and, in June 2019, we launched Coillte Nature: a new not-for-profit business dedicated to delivering large-scale solutions to the biodiversity and climate crises.

COILLTE NATURE

COILLTE NATURE

AT COILLTE'S 30TH ANNIVERSARY EVENT IN JUNE, WE ANNOUNCED THE ESTABLISHMENT OF COILLTE NATURE.

Nature has intrinsic value and a healthy biodiversity and a stable climate are prerequisites for a thriving society. Coillte acknowledged this at its 30th anniversary event by announcing the establishment of Coillte Nature: a new not-for-profit business of the organisation dedicated to the delivery of large-scale solutions that respond to the biodiversity and climate crises.

Through close collaboration with internal and external partners, Coillte Nature will pursue projects-of-scale that deliver positive environmental impact by taking a close-to-nature, adaptive management approach that is led by ecological best practice. Its work will focus on the following four strategic themes:

1) **Creation** of new native woodland
2) **Regeneration** of urban forests
3) **Restoration** of significant biodiversity habitats
4) **Rehabilitation** of critical ecosystem services

Progress has already been swift. In October 2019, a diverse team was appointed from inside and outside the organisation and, in January 2020, work began across a number of priority projects such as the Dublin Mountains Conversion Plan, the Midlands Native Woodland Project, and the Restoring Hazelwood Forest Project.

RESTORING HAZELWOOD FOREST

AT THE NATIONAL BIODIVERSITY CONFERENCE IN FEBRUARY, COILLTE COMMITTED TO INVESTING €500,000 IN THE RESTORATION OF HAZELWOOD FOREST.

Hazelwood Forest lies at the heart of Yeats country on the shores of Lough Gill in Co. Sligo, overlooking the Lake Isle of Innisfree. A semi-natural treescape of 130 hectares, it features one of the finest alluvial woodlands in all of Ireland. This EU-protected habitat is rich in water-loving native tree species like willow, alder and ash, and is periodically flooded by the Garavogue river. However, it is currently afflicted by the extensive growth of the exotic and invasive shrub rhododendron, which prevents the woodland from renewing itself. This investment will:

- Fund the removal of invasive species
- Enable the natural regeneration of the alluvial habitat
- Support the wider woodland's biodiversity value through the reforestation of a former commercial plantation with native tree species

Since this special site is protected under national and international conservation legislation, permissions are needed to carry out the works. These are being sought in Q1 and Q2 2020, with a view to taking action on the ground in Q3. It's expected that the majority of the conservation work will be completed by 2024.

MIDLANDS NATIVE WOODLAND PROJECT

ACROSS THE MIDLANDS, CUTAWAY BOGS ARE IN NEED OF DELICATE REHABILITATION IN ORDER TO RETURN TO A HEALTHY STATE.

This means supporting the rewetting of bogs wherever possible. In cases where this is not possible – for instance, on higher, drier areas with shallower peat – native trees could help to minimise further carbon losses from the soil and support the establishment of a biodiverse habitat. A community that birds, insects, mammals, plants and other living organisms could call home.

Coillte Nature is partnering with Bord na Móna to explore the ways in which such a habitat might be created. This is with a view to accelerating the natural regeneration of native woodland – a natural part of the peatland ecosystem mosaic – across large areas of the Bord na Móna estate.

In Q1 2020, this project will test close-to-nature approaches to woodland planting on small areas by mimicking the woodland habitat that is occurring naturally on the bog.

Also in 2020, it plans to deliver an in-depth Environmental Impact Assessment (EIA) to the Forest Service. This is in order to secure permissions to extend this work across an area of over 300 hectares at Littleton Bog, on the border of Counties Kilkenny and Tipperary. Should the EIA be successful, operations will commence in 2021.

DUBLIN MOUNTAINS CONVERSION PLAN

WHEN THE FIRST FORESTS WERE PLANTED IN THE DUBLIN MOUNTAINS IN THE 1930'S, THE CITY WAS BOTH GEOGRAPHICALLY AND EMOTIONALLY DISTANT.

Things have changed however, and today these forests are really important recreational areas for an urban population seeking fresh air and green space.

Our most popular forest, Ticknock, gets over 550 visits a day. Through the Dublin Mountains Conversion, it is planned that nine Coillte forests, including Ticknock, will change focus to become primarily about bringing people to nature. The traditional forestry model of clearfell and replanting will be modified to incorporate low impact silvicultural systems, such as Continuous Cover Forestry (CCF).

Under CCF principles, multi-generational forests will maintain their green canopy on a permanent basis, and in areas where this isn't possible, non-native sitka spruce and lodgepole pine trees will be removed and replanted with native species like birch, willow, alder and scots pine. This will provide habitat for nature and also bring stunning autumn colour to the hills.

Work is planned to commence in 2020 and continue for many years to come. This 'makeover' will be a slow and careful process and will be conducted in a way which minimises disruption to recreational users. It will also lock in benefits for nature and landscape that will be enjoyed by generations of Dubliners to come.

BioForest

THE COILLTE ESTATE IS HOME TO MANY VALUABLE HABITATS AND SPECIES WHICH WE GO TO GREAT TROUBLE TO CARE FOR. WE MAP THE BEST OF THESE HABITATS AS BIODIVERSITY AREAS, AND MANAGE THEM IN A WAY THAT ENHANCES THEIR VALUE FOR NATURE.

In 2019, we reviewed and updated our practices. We initiated a partnership with the National Biodiversity Data Centre (NBDC), based in Waterford. The National Biodiversity Data Centre currently holds more than 85,000 records of different species of animals and plants across 40% of our sites. These records have been gathered since 2000 by professional surveyors as well as the general public.

Needing an approach that is grounded in ecological values, but also balanced with timber production where appropriate, we consulted with a team of highly experienced, professional, freelance ecologists and foresters.

This led to some innovative thinking, with ecologists recognising that managing and maintaining a mixed plantation forest can be beneficial for biodiversity, while foresters looked at new ways of incorporating biodiversity into forestry and forest management.

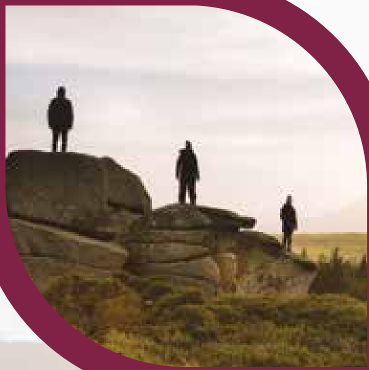
We explored the use of continuous cover forestry (CCF) as a management tool for combining nature conservation and wood production and we commissioned one of Ireland's foremost practitioners of CCF, Purser Tarleton Russell, along with Andreas Schuck, Senior Researcher with the EFI Bonn, to develop a training course for our staff and the project consultants.

The main achievements of BioForest during 2019 include:

- New template for Biodiversity Area Management Plan (BAMPlan), which combines ecology and forestry
- BAMPlans for 101 biodiversity areas across the estate
- CCF biodiversity training for 27 staff and project consultants
- A portal for staff to record biodiversity (plants, animals, fungi) on Coillte sites

Pictured (Left to Right): Ecologist, Fionnula O'Neill and CCF expert Paddy Purser with Coillte's Aileen O'Sullivan, Liam Malone, Peter McGloin and Ken Sweeney discussing management plans for a BioForest Project site in the Avoca Valley, Co. Wicklow.

FORESTS FOR PEOPLE



Coillte has an open forest policy and welcomes all visitors to our forests according to the principles of Leave No Trace. With 12 forest parks, 300 recreation forests and over 3,000km of waymarked trails, Coillte's forests welcome an estimated 18 million visitors every year.

Photo: Raven's Rock next to Coillte's Glencree Forest, Co. Wicklow.

AVONDALE REDEVELOPMENT

COILLTE INTENDS THAT, BY 2022, OUR FLAGSHIP ESTATE, AVONDALE FOREST PARK WILL BE A 'MUST SEE' TOURIST AND VISITOR ATTRACTION. IN 2019, ALONG WITH FÁILTE IRELAND, THE €8 MILLION INVESTMENT WHICH WILL ENSURE THAT HAPPENS WAS APPROVED.

With an array of natural-play and event spaces, revitalised trails and a new café beside a walled garden, the aim is for Charles Stewart Parnell's homeplace to offer a really satisfying indoor and outdoor experience.

'Living with the Parnells' in Avondale House will be a 'living history' experience. Visitors will step back into the 1880's and be greeted by Charles Stewart, his family and his contemporaries.

The story of Irish Forestry will be brought to life in an estate which is home to both majestic old-growth trees dating back to the 1700's, and experimental plots laid down when State forestry came into being in the early 1900's. There will be many areas for visitors to explore and enjoy the native and exotic species growing in Avondale, while a central attraction in the Forest Park will be a unique walkway through which visitors can experience the life journey of a tree.

The walk will start below ground alongside a tree's huge roots and move up to a glorious tree canopy and a wonderful view of the Avonmore River from Lovers' Lookout.

NATIONAL MTB TRAIL CENTRES

IN 2019 COILLTE EMBARKED ON A €13.5M PROJECT WHICH WILL SEE IRELAND BECOME ONE OF EUROPE'S LEADING DESTINATIONS FOR MOUNTAIN-BIKING.

The project involves construction of more than 150kms of new trails which will cater for daredevils, leisure cyclists and children alike. They will be opened to the public in sections as they are completed over the next 3 years.

In partnership with Fáilte Ireland and funded by Government, five MTB trail locations are planned. Each will have the capacity to become a short-break destination in its own right, with supporting services including bike hire, accommodation, and food and retail at new trailheads and in local towns and villages.

The aim is that the new centres in the Slieve Blooms, Sligo, Dublin and Wicklow will build on the success of the Ballyhoura MTB trails, will grow the appeal to domestic riders and will also provide the critical mass to attract overseas visitors. The Ballyhoura trails drive more than €1.5m of visitor spending into the local economy each year.

WOODLANDS FOR HEALTH

THERE IS COMPELLING EVIDENCE THAT WALKING IN WOODLAND ENVIRONMENTS CAN HAVE POSITIVE EFFECTS ON MENTAL HEALTH AND IN 2019 COILLTE CONTINUED TO PLAY ITS PART.

In May, we hosted the 8th 'Green Ribbon – Let's Talk & Walk' campaign. The Green Ribbon is the international symbol for mental health awareness, and in partnership with See Change and Mental Health Ireland, we arranged a series of walks in our forests to promote the Green Ribbon campaign. The walks, which are becoming more popular every year, were held in collaboration with the Irish Farmers Association's Walk and Talk campaign and were aimed at reducing rural isolation.

The Eco Therapy Programme, 'Woodlands for Health' which has been developed by Coillte in partnership with the HSE, Mental Health Ireland, Wicklow Mental Health Association and Wicklow Sports Partnership, continued to expand.

The 2019 programme involved 12 weeks' of walks in various woodland settings at the same time and on the same day each week. The number of counties where woodland walks are facilitated increased by five during the year.

The programme, prescribed by medical professionals, consists of forest based activities for mental health patients. It complements the development of Community Mental Health Services and a 'recovery' approach, one of the fundamental principles in Ireland's mental health policy A Vision for Change (2006-2016). Evaluations of the project by the HSE and University College Dublin found that participants improved their mood by 75% and sleep by 66%. In addition, suicidal thoughts were reported to have declined by 82%.

PIETA HOUSE WREN RUN

ON ST STEPHEN'S DAY, OVER 2,000 PEOPLE DESCENDED ON WOODFORD, CO GALWAY, FOR THE COILLTE SPONSORED PIETA HOUSE WREN RUN.

The charity fun run, starting in Woodford village offered a choice of 3km and 6km forest routes and catered for all ages and abilities. It raised €10,000 for Pieta House and a further €6,000 for local causes.

Since it began in 2015, the Wren Run has grown hugely. In 2019 it attracted participants from Clare, Limerick, Tipperary, Offaly, Westmeath, Roscommon and Mayo, as well as, of course, from Galway.

Other attractions complement the run, with local musicians playing music in the forest as participants pass by. They also donated their time and talent to host The Wren Rising, a collection of traditional music sessions across the village.

Pictured (left to right): Cathal O'Byrne, Roderick Whyte, James Porter, Declan Carroll, Brian Fogarty, Mark O'Loughlin, Christopher Loughrey.

LAND SALES FOR COMMUNITIES

THROUGH ITS LAND SOLUTIONS BUSINESS, COILLTE BUYS AND SELLS FOREST LAND, BOTH TO ENSURE THE NATIONAL FOREST ESTATE REMAINS SUSTAINABLE AND PRODUCTIVE, AND TO SUPPORT LOCAL COMMUNITIES.

In 2019 Land Solutions bought 200 hectares of forest lands, while also enabling a number of important community initiatives by releasing some parcels of land.

In Wicklow one hectare of land was made available for a car park for the Roundwood Vartry Lakes. The additional parking will be of huge benefit to visitors to the area as the 20km of trails are very beautiful with thriving wildlife, flora, fauna and mountain views.

In Donegal, Coillte enabled Dunfanaghy Football Club to relocate to a new two hectare site. This allows for improved pitches and training grounds and the Club's expansion.

In Cork, the Land Solutions team enabled the local primary school in Ballyhass to construct new car parking facilities. They will improve safety for the school drop-off and pick-up with parents no longer having to stop on the roadside.

At Lough Talt in Co. Sligo, Coillte enabled Irish Water to expand and redevelop its waste water treatment plant by providing one hectare from its estate for the works.

In Wexford, Coillte provided a local family with one hectare of land at Knockredmond, to enable them to build a house in their community.

BOARD OF DIRECTORS

Bernie Gray, Chair

Bernie was appointed Chair of the Coillte Board in March 2019. Bernie holds a Certified Public Administration degree (B.Sc) from TCD and a Post Graduate Diploma in Executive coaching from UCD. She was Chair of the Board of EirGrid from 2006 to 2013 and formerly worked with Eircom between 1984 to 2002 holding management positions within Finance and HR serving as HR Director. Bernie is currently a member of the Accountability Board of the Civil Service, the Governing Authority of DCU and the GAA National Audit and Risk Committee.

Board meetings attended 9/9

Julie Murphy-O'Connor

Julie was appointed to the Board in 2013 and is a partner in the Dispute Resolution Department in Matheson. Her practice includes advising stakeholders in relation to shareholder disputes and corporate restructuring. She is co-author of the Commercial Law Association's Practitioners' Guide to the Commercial Court in Ireland and the Law Society Insolvency Manual.

Board meetings attended 10/10

Eleanor O'Neill

Eleanor was appointed to the Coillte Board in 2019. She holds an Executive Role in Symantec Corporation as Senior Director of Information Technology. She has 30 years' experience in the technology sector in digital transformation with multinationals, Digital (now HP), Visio, Microsoft and a technology start-up Marrakech. She holds a B. Eng from NUIG and a Diploma in Company Direction (IOD). Eleanor currently sits on a number of Boards and brings a wealth of experience and knowledge to Coillte's Board.

Board meetings attended 5/5

Jerry Houlihan

Jerry was appointed to the Board in 2014 having retired from the Kerry Group after almost 40 years with the company. During this time he had profit and operational responsibility for a number of different businesses within the overall ingredients business.

Board meetings attended 10/10

Patrick Eamon King

Patrick Eamon was appointed to the board in 2018. He spent 13 years as Head of Corporate Development with the Ardagh Group SA and now holds the position of Corporate Development Consultant with Paragon Group Ltd.

Board meetings attended 10/10

Gerry Gray

Gerry was appointed to the board in 2018. He has more than 35 years' experience working in senior financial and strategy roles in international blue chip organisations including PwC, Ford Motor Company and Pilkington. Now retired, Gerry holds numerous Non Executive positions in the UK and Ireland.

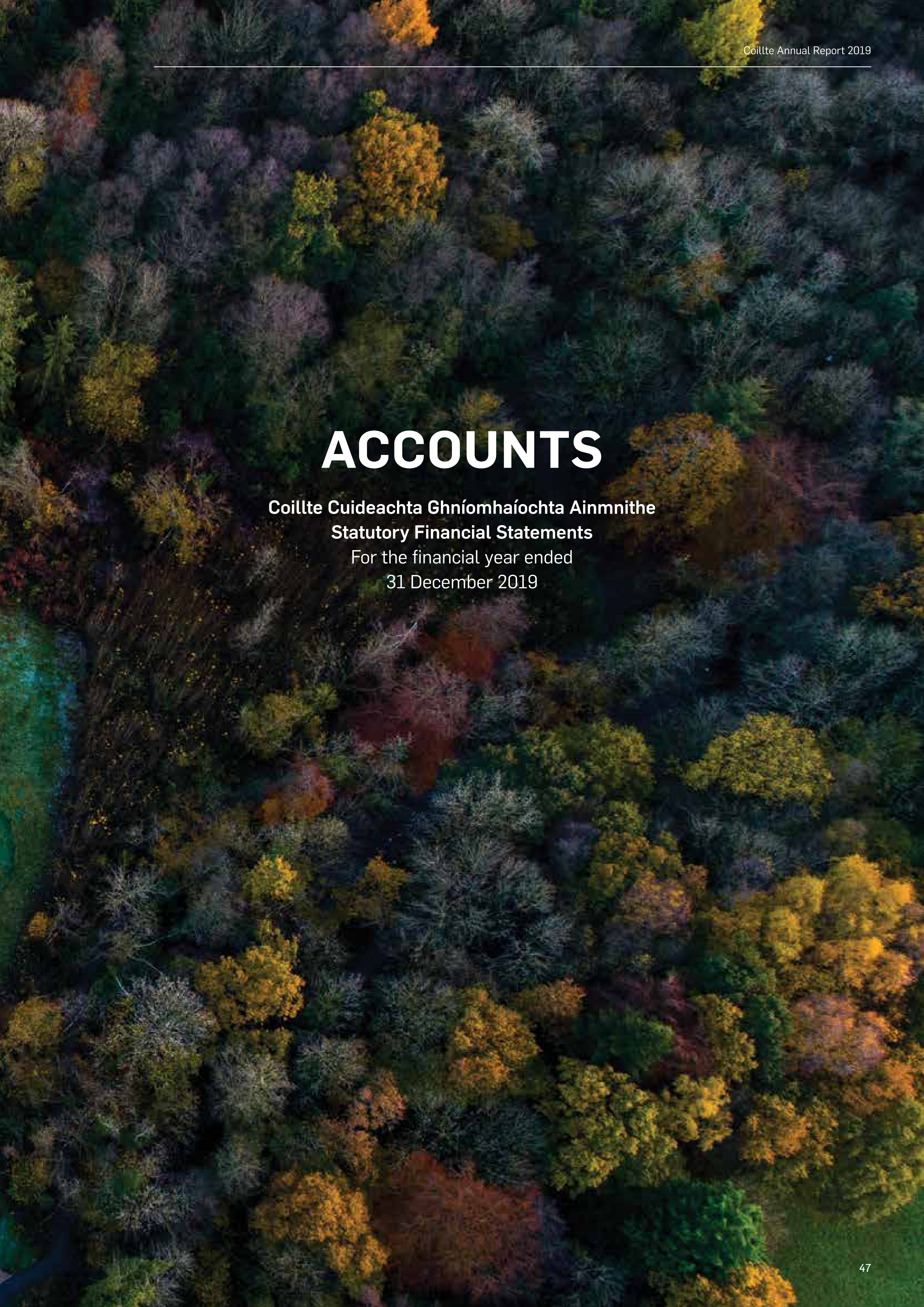
Board meetings attended 9/10

Gerard Murphy

Gerard was appointed to the Board in 2019. Gerard brings with him extensive experience having worked in a variety of senior roles within Coillte. He held the position of Managing Director in Coillte Forest Division for 9 years and most recently was Managing Director of the Land Solutions and Venturing Business within Coillte. Gerard has a B.Agr.Sci (Forestry) and an MBA from UCD.

Board meetings attended 1/1

Photo: Aerial view of playground at Coillte's Rossmore Forest Park, Co. Monaghan.



ACCOUNTS

Coillte Cuideachta Ghníomhaíochta Ainmnithe
Statutory Financial Statements
For the financial year ended
31 December 2019

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited financial statements for the financial year ended 31 December 2019.

The Company

The Company was incorporated on 8 December 1988 and commenced trading on 1 January 1989 when it took over the forestry business formerly carried out by the Department of Agriculture, Food and the Marine. The related assets were acquired and liabilities assumed as at 1 January 1989.

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

Principal activities, review of the business and principal risks and uncertainties

The principal activities of the Group are forestry and forestry related activities, wood based panels, renewable energy and land development. The review of the business including principal risks and uncertainties as required by sections 326 and 327 of the Companies Act 2014 is included in the Chair's Statement, Chief Executive's Review and Business Overview sections of the Annual Report.

Results and dividends

Details of the results of the Group are set out in the profit and loss account and the related notes. Group turnover at €327.4m in 2019, a c.1% decrease on 2018, reflects the impact of oversupply in the UK market coupled with Brexit related market uncertainty. Operating costs increased by €8.4m year on year largely as a result of increased fibre and resin costs in the MEDITE SMARTPLY division. Other operating gains, reflective of the contribution from other asset sales of €12.2m (2018: €9.2m), were recorded during the year. Operating profit (before exceptional items and revaluation gains) decreased from €71.5m in 2018 to €63.3m in 2019. There were no exceptional items in the 2019 results (2018: gain €86.1m) The exceptional gain in 2018 largely related to the Group's disposal of its majority stake in its operating windfarm assets which resulted in a gain of €92.9m. In addition, the Group received €1.5m (2018: €8.7m) in distributions from its windfarm investments during 2019.

A dividend of €0.02060 per share, totaling €13.0m, was authorised by the Board and paid in December 2019. Total dividends paid in the year ended 31 December 2018 amounted to €15.0m, paid in December 2018.

The full result for the year after dividend was transferred to reserves.

Directors and Company Secretary

All the Directors of the Company were appointed by the Minister for Agriculture, Food and the Marine.

The following Directors were in office during the financial year ended 31 December 2019:

Bernie Gray (Chair)
Fergal Leamy
Thomas O'Malley
Julie Murphy-O'Connor
Patrick Eamon King
Gerard Murphy
Jerry Houlihan
Dermot Mulvihill
Roisin Brennan
Gerard Gray
Eleanor O'Neill

Bernie Gray (Chair) was appointed to the Board on 13 March 2019.

Jerry Houlihan retired by rotation on 30 April 2019 and was reappointed to the Board on 24 May 2019 for 2 years.

Roisin Brennan retired by rotation on 30 April 2019.

Fergal Leamy retired as CEO and Company Director on 24 June 2019.

Dermot Mulvihill retired by rotation on 10 July 2019.

Eleanor O'Neill was appointed to the Board on 24 July 2019.

Thomas O'Malley retired by rotation on 25 September 2019.

Gerard Murphy was appointed to the Board on 13 December 2019.

The Directors and Secretary as at 31 December 2019 have no interests in the shares of the Company or its subsidiaries.

Report of the Directors

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" as applied in accordance with the provisions of the Companies Act 2014.

Under Company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Group and Company;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- Enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge their responsibility for securing the Company's compliance with its relevant obligations specified in that section arising from the Companies Act 2014 and Irish tax legislation ("relevant obligations"). In order to secure said compliance the Directors:

- Issued a compliance policy statement setting out the Company's policies in respect of compliance by the Company with its relevant obligations.
- Ensured that there are appropriate arrangements and structures in place and that they are satisfied that they provide reasonable assurance of compliance in all material respects with those obligations.
- Reviewed the existing arrangements and structures during the year to ensure they continue to provide reasonable assurance of compliance in all material respects with those obligations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Directors

Corporate Governance

The Board of Coillte CGA is committed to the highest standards of corporate governance and is accountable to its shareholders for those standards. The Code of Practice for the Governance of State Bodies (2016 edition), issued by the Department of Public Expenditure and Reform, sets out the principles of corporate governance that apply to the Group and the Directors support the principles and provisions of the Code.

Board of Directors

During the financial year the Board consisted of a non-executive Chair, seven non-executive Directors and the outgoing Chief Executive. The Chair and non-executive board members are independent of the Chief Executive and senior management. All the Directors are appointed to the Board by the Minister for Agriculture, Food and the Marine for a period not to exceed 5 financial years and their terms of office are set out in writing. The level of remuneration for the Board of Directors is also determined by the Minister and remuneration of non-executive Directors is not linked to performance.

The Board meets formally on a regular basis. It met on ten occasions in 2019. It has a schedule of matters specifically reserved to it for decision and is satisfied that the direction and control of the Group is firmly in its hands. The Group's annual budget and rolling five year financial plan are reviewed and approved by the Board. The Board receives monthly management accounts promptly with detailed comparison of actual to budget. The provision of management accounts is supported by presentations by senior management to the Board on a regular basis. Significant contracts, not in the normal course of business, major investments and capital expenditure are also subject to approval by the Board. Each non-executive Director brings independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

All members of the Board have access to the Company Secretary and the Group's and Company's professional advisors as required. This ensures that Board procedures are followed and that applicable rules and regulations are complied with. Each Director received appropriate briefing on being appointed to the Board.

Accounting records

The measures taken by the Directors to secure compliance with the Group and Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the Group's head office at Dublin Road, Newtownmountkennedy, Co. Wicklow.

Report under section 22 of the Protected Disclosures Act 2014

The Group has implemented a Protected Disclosures Policy in accordance with the requirements of the Protected Disclosures Act 2014.

Section 22 of the Protected Disclosures Act 2014 requires the Group to publish an Annual Report relating to protected disclosures made under the Protected Disclosures Act 2014. In accordance with this requirement, the Directors confirm that no protected disclosures were made during the financial year ending 31 December 2019.

Research and development

During the financial year, the Group continued its research and development programme in relation to its forestry activities and in expanding the application of its MEDITE SMARTPLY products.

Report of the Directors

Prompt payments regulation

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act, 1997 as amended by the European Communities (Late Payment in Commercial Transactions) (S.I. No. 580 of 2012) ('the Regulations').

Procedures have been implemented to identify the dates upon which invoices fall due for payment and for payments to be made by such dates.

Accordingly, the Directors are satisfied that the Company has complied with the requirements of the Regulations.

Subsidiary, joint adventure and associate undertakings

A list of subsidiary, joint venture and associate undertakings as at 31 December 2019 is set out in note 18.

Political donations

There were no political contributions which require disclosure under the Electoral Act, 1997.

Events since the end of the financial year

As discussed in the Chair's Statement and the Chief Executive's review, the Group is addressing the impact of the Covid-19 pandemic on the operations of the Group. As the outbreak is a non-adjusting post balance sheet event, there is no impact on the recognition and measurement of the Group's assets and liabilities as at 31 December 2019. There have been no other significant events since the end of the financial year.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as the Directors are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Auditors

The Auditor, KPMG, has indicated its willingness to continue in office.

On behalf of the Board

Bernie Gray	Gerard Gray
Chair	Director

Date: 30 March 2020

Statement on Internal Control

Scope of Responsibility

On behalf of Coillte CGA the Board acknowledges its responsibility for ensuring that an effective system of internal control is maintained along with having overall responsibility for risk management. The Board ensures that the Group's risk exposure remains proportional to the pursuit of its strategic objectives and to its longer term goal of creating shareholder value. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the implementation of suitable internal controls. These risks are assessed on a continuous basis and may arise because of control failures, disruption to IT systems, legal and regulatory issues, market conditions and natural catastrophes. Management also reports to the Board on major changes in the business and external environment which affect risk. Where areas of improvement in the system are identified, the Board considers the recommendations of management and the Audit and Risk Committee.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance contained in the Code of Practice for the Governance of State Bodies, has been in place in Coillte CGA for the year ended 31 December 2019 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Coillte CGA has an Audit and Risk Committee comprising four non-executive Board members, with relevant expertise, one of whom is the Chair. Coillte CGA has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the Audit and Risk Committee.

The Audit and Risk Committee operates under terms of reference which clearly outline its responsibilities with regard to internal controls and risk management systems.

Risk and Control Framework

Coillte CGA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

The system of internal control is designed to ensure management carry on the business of the Group in an orderly manner, safeguard its assets and ensure, as far as possible, the accuracy and reliability of its records. The key elements of the system are:

- An organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities.
- A comprehensive system of financial reporting.
- Annual budgets and long term plans for the business that identify key risks and opportunities.
- Monitoring performance against budgets and reporting on it to the Board on a regular basis.
- A formal code of business conduct applicable to the business and communicated to staff.
- An internal audit function that reviews the system of internal controls on a regular basis.
- An Audit and Risk Committee that reviews the effectiveness of the Group's system of internal financial control on an annual basis.

Statement on Internal Control

A risk register has been compiled that identifies the most significant risks facing the Group and these have been identified, evaluated and graded according to their significance. The key risks are reviewed and updated by the Board on a regular basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

In reviewing these risks, managers were asked to pay particular attention to:

- The counter measures in place to mitigate the risk.
- The net residual risk having regard to the processes and controls in place.
- Actions required or being taken to further mitigate the risk.

The risks identified were ranked in terms of their impact and likelihood of occurrence and managers have been instructed to ensure these risks are considered in the development of business plans and the performance plans of individual managers. This is an ongoing process and the Group's risk profile and risk management process will continue to be reviewed on a periodic basis.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls is assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of information and communication technology systems,
- there are systems in place to safeguard assets.

The key risks identified by management include:

Financial Risk Management

The Group's treasury operations are managed in accordance with policies approved by the Board. These policies provide principles for overall financial risk management and cover specific areas such as interest rate, liquidity and foreign exchange risk. The Group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign exchange risk, credit risk, liquidity and interest rate risk. The Group has in place a risk management programme that seeks to manage the financial exposures of the Group by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash outflows and the management of interest rate risk, the Group has a policy of maintaining at least 50% of its debt at a fixed rate. The Group also seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. Financial instruments are used to manage interest rate and financial risk. The Group does not engage in speculative activity and its treasury operating policy is risk averse.

Price Risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Foreign Exchange Risk

The Group is exposed to foreign exchange risks in the normal course of business, principally on sales denominated in Sterling. The Group's policy on mitigating the effect of this currency exposure is to hedge Sterling by entering into forward foreign exchange contracts based on expected sales in the UK market.

Statement on Internal Control

Credit Risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. In addition, insurance is put in place for the larger customers of the Group.

Liquidity Risk

The Group actively maintains a mix of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/ forecasts.

Procurement

The Board confirms that Coillte CGA has procedures in place to facilitate compliance with current procurement rules and guidelines and that, during the year ended 31 December 2019, Coillte CGA complied with those procedures.

Review of Effectiveness

The Board confirms that Coillte CGA has put in place appropriate procedures to monitor the effectiveness of its risk management and control procedures. Coillte CGA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within Coillte CGA responsible for the development and maintenance of the internal financial control framework.

Internal Control Issues

No weaknesses in internal control were identified during the year ended 31 December 2019 that require disclosure in the financial statements.

Bernie Gray	Gerard Gray
Chair	Director

Date: 30 March 2020

Governance Statement and Board Members' Report

Governance

The Board of Coillte CGA was established under The Forestry Act, 1988. The Board is accountable to the Minister for Agriculture, Food and the Marine and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of Coillte CGA is the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team follow the broad strategic direction set by the Board, and ensure that all Board members have a clear understanding of the key activities and decisions related to the Group, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of Coillte CGA.

Board Responsibilities

Matters specifically reserved for Board decision are set out in the Register of Delegated Authority and include the following:

- Approval of acquisitions and disposal of property and land assets of Coillte or its subsidiaries of €2,000,000 or greater;
- Investments and capital project expenditure exceeding €3,000,000;
- Approval of delegated authority levels, treasury policies and risk management policies;
- Approval of terms of major contracts exceeding €1,500,000 in value and 3 years in duration;
- Approval of expenditure outside of the ordinary course of business exceeding €500,000;
- Approval of policy on determination of senior management remuneration;
- Appointment, remuneration and assessment of the performance of, and succession planning for, the CEO;
- Approval of annual budgets and corporate plans;
- Approval of dividend policy;
- Approval of asset sales to Directors or their families or connected persons;
- Pre-approval of all shareholder reserved matters;
- Approval of all loan facilities;
- Approval of authorised signatories for the Company Seal; and
- Approval of all corporate governance guidelines.

Standing items considered by the Board at each meeting include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts and
- performance reports.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Sections 281 – 285 of the Companies Act, 2014. The maintenance and integrity of the corporate and financial information on the Coillte CGA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of Coillte CGA by reference to the 2019 annual plan and budget was carried out in January 2020.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of Coillte CGA give a true and fair view of the financial performance of Coillte CGA for the year ended 31 December 2019 and of its financial position at that date.

Board Structure

The Board consists of a Chair and six ordinary members, all of whom are appointed by the Minister for Agriculture, Food and the Marine. The members of the Board were appointed for a period of five years, unless otherwise stated, and meet on a regular basis. The table below details the appointment date for current members:

Governance Statement and Board Members' Report

Board Member	Role	Date Appointed
Bernie Gray	Chair	13 March 2019
Julie Murphy-O'Connor	Ordinary Member	24 June 2018 (reappointed)
Jerry Houlihan	Ordinary Member	24 May 2019 (reappointed for 2 years)
Gerard Gray	Ordinary Member	26 February 2018
Patrick Eamon King	Ordinary Member	26 February 2018
Eleanor O'Neill	Ordinary Member	24 July 2019
Gerard Murphy	Ordinary Member	13 December 2019

The Board commenced a Board Effectiveness and Evaluation Review in October 2019 and it was completed in December 2019.

Two committees of the Board were in existence during 2019, as follows:

Audit and Risk Committee

Members during 2019: Gerard Gray (Chair), Julie Murphy-O'Connor, Jerry Houlihan and Patrick Eamon King (appointed in March 2019).

The Audit and Risk Committee comprises non-executive Directors and operates under formal terms of reference. It met on five occasions in 2019. The role of the Audit and Risk Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The Audit and Risk Committee is independent from the financial management of the organisation. In particular the Audit and Risk Committee ensures that the internal control systems, including internal audit activities, are monitored actively and independently. The Audit and Risk Committee reports formally to the Board after each meeting.

The Audit and Risk Committee may review any matters relating to the financial affairs of the Group, in particular, the annual financial statements, the financial control framework, the Assurance and Compliance function (including internal audit), reports of the external and internal auditors and proposed changes to accounting policies. The Chief Executive, Chief Financial Officer, the Assurance and Compliance Director and other senior managers are normally invited to attend these meetings as appropriate. The Audit and Risk Committee is responsible for the appointment and fees of the external auditors and meets with them to plan and subsequently review the results of the annual audit. The external auditors also meet privately with the Audit and Risk Committee. The Assurance and Compliance Director reports directly to the Audit and Risk Committee and the Audit and Risk Committee is responsible for approval of the internal audit plan. The Assurance and Compliance Director also meets privately with the Audit and Risk Committee.

A framework to formally identify risk and assess the effectiveness of internal controls has been established. The Assurance and Compliance function monitors the Group's control systems by examining financial reports, by testing the accuracy of the reporting of transactions and by otherwise obtaining assurance that the systems are operating in accordance with the Group's objectives. Management's response to significant risks identified and their reporting procedures are also evaluated.

Remuneration Committee

The role of the Remuneration Committee is to advise the Board with regard to policy on executive remuneration in the Group and to give guidance and advice to the CEO regarding the implementation of the Board's policy as applied to the senior management.

The members of the Committee during 2019 were Roisin Brennan (resigned from Remuneration Committee in April 2019), Patrick Eamon King and Bernie Gray (appointed to the Remuneration Committee in March 2019). It met on four occasions in 2019.

Governance Statement and Board Members' Report

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board meetings for 2019 is set out below, together with the fees and expenses received by each member:

	Board Meetings attended	Fees	Salary	Pension Contribution	Taxable Benefits	2019 Total	2018 Total
Directors	**(10 held)**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Bernie Gray[1]	9/9	18	-	-	-	18	-
Julie Murphy - O'Connor[2]	10/10	-	-	-	-	-	-
Roisin Brennan[3]	3/3	4	-	-	-	4	13
Jerry Houlihan	10/10	13	-	-	-	13	13
Dermot Mulvihill[4]	3/4	6	-	-	-	6	13
Gerard Gray	9/10	13	-	-	-	13	13
Patrick Eamon King	10/10	13	-	-	-	13	13
Thomas O'Malley[5]	5/5	9	39	3	-	51	50
Fergal Leamy (CEO)[6]	3/4	-	109	25	16	150	315
Eleanor O'Neill	5/5	6	-	-	-	6	-
Gerard Murphy	1/1	1	-	-	-	1	-
		83	**148**	**28**	**16**	**275**	**430**
Chief Executive							
Imelda Hurley[7]		-	35	9	3	47	-
		83	**183**	**37**	**19**	**322**	**430**

[1] Ms. Gray was appointed to the Board on 13 March 2019 and therefore was not in receipt of any fees, expenses or emoluments during the year ended 31 December 2018.
[2] Ms. Murphy-O'Connor waived all emoluments in 2019 and 2018.
[3] Ms. Brennan retired from the Board of Directors in April 2019.
[4] Mr. Mulvihill retired from the Board of Directors in July 2019.
[5] Mr. O'Malley retired from the Board of Directors in September 2019.
[6] Mr. Leamy retired as CEO and from the Board of Directors in June 2019.
[7] Ms. Hurley was appointed Chief Executive in November 2019.

Key Management Changes

Ms Imelda Hurley was appointed Chief Executive Officer from 4 November 2019. Mr Mark Carlin (M.D. Forest) was appointed to the Operating Executive from 1 January 2019, Mr Peter Lynch (M.D. Renewable Energy) was appointed to the Operating Executive from 16 July 2019 and Mr David Feeney (M.D. Land Solutions & Venturing) was appointed to the Operating Executive from 16 September 2019. Mr Gerard Murphy (M.D. Land Solutions & Venturing) retired from the Company on 13 September 2019.

Governance Statement and Board Members' Report

Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that Coillte CGA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits

Employees' short-term benefits in excess of €50,000 are categorised into the following bands:

Range		Number of Employees	
From	**To**	**2019**	2018
€50,000	€74,999	**313**	296
€75,000	€99,999	**134**	127
€100,000	€124,999	**32**	35
€125,000	€149,999	**10**	8
>€150,000		**8**	9

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employer's PRSI. Remuneration of key management, being those people having the authority and responsibility for planning, directing and controlling the activities of the Group, is separately disclosed in Note 8 and not included above.

Consultancy Costs

Consultancy costs include the cost of external advice to management that contributes to decision making or policy making and exclude outsourced 'business-as-usual' functions.

	2019 €'000	2018 €'000
Legal advice	**325**	408
Financial/actuarial advice	**197**	226
Marketing	**637**	567
Human Resources	**88**	85
Business Improvement	**564**	168
Other	**203**	664
Total Consultancy*	**2,014**	2,118

**Consultancy costs exclude exceptional consultancy costs of €3,745,000 associated with the disposal of windfarm investments.*

	2019 €'000	2018 €'000
Consultancy costs capitalised	**510**	194
Consultancy costs charged to the profit and loss account	**1,504**	1,924
	2,014	2,118

Governance Statement and Board Members' Report

Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

Legal Proceedings and Settlements

The table below provides an analysis of amounts recognised as expenditure in the reporting period in relation to legal proceedings, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by Coillte CGA, which is disclosed in Consultancy costs above.

	2019 €'000	2018 €'000
Legal proceedings	**130**	334
Conciliation and arbitration payments	**8**	-
Settlements	**162**	136
	300	470

Gas Networks Ireland have initiated legal proceedings against the Company in relation to alleged damage to a gas pipeline running through a Coillte property. Our insurers are defending this legal action. In order to adopt a prudent approach in the financial statements, we have provided for an amount within the legal proceedings category above, equivalent to the excess under our insurance policy in relation to this matter. At 31 December 2019 the Group has a provision of €212,000 (2018: €212,000) relating to this matter.

Travel and Subsistence Expenditure

Travel and subsistence expenditure incurred during the reporting period was:

	2019 €'000	2018 €'000
Domestic		
- Board*	**22**	23
- Employees	**1,991**	1,931
International		
- Board*	**-**	-
- Employees	**397**	418
	2,410	2,372

**Comprises travel and subsistence expenses paid directly to Board members.*

Hospitality Expenditure

Hospitality expenditure incurred during the reporting period was as follows:

	2019 €'000	2018 €'000
Staff hospitality	**94**	62
Client hospitality	**224**	222
	318	284

Compliance with Code of Practice for the Governance of State Bodies

Coillte CGA complies with the Code of Practice for the Governance of State Bodies, which sets out the principles of corporate governance which the Boards of State Bodies are required to observe.

Bernie Gray
Chair

Gerard Gray
Director

Date: 30 March 2020

Independent Auditor's Report to the Members of Coillte Cuideachta Ghníomhaíochta Ainmnithe

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coillte Cuideachta Ghníomhaíochta Ainmnithe ('the Company') and its subsidiaries ('the Group'), for the year ended 31 December 2019, which comprise:

- the Group profit and loss account for the year then ended;
- the Group statement of other comprehensive income for the year then ended;
- the Group and Company balance sheets at that date;
- the Group and Company cash flow statements for the year then ended;
- the Group and Company statements of changes in equity for the year then ended; and
- the related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

In our opinion, the Group and Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Financial Performance section, 2019 Highlights section, the Chairperson's Statement, the Chief Executive's Review, the Business Overview, the Directors' Report, the Statement on Internal Control, and the Governance Statement. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that:

- we have not identified material misstatements in the directors' report;

Independent Auditor's Report to the Members of Coillte Cuideachta Ghníomhaíochta Ainmnithe

- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Group were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

In addition, under the Code of Practice for the Governance of State Bodies ("the Code"), we are required to report to you if the statement regarding the system of internal financial control required under the Code on pages 52 to 54 does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 49, the directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern; disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

David Meagher
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Date: 30 March 2020

Group Profit and Loss Account

Financial year ended 31 December 2019	Notes	2019 €'000	2018 €'000
Turnover	5	**327,435**	330,332
Cost of sales		**(209,191)**	(199,586)
Gross profit		**118,244**	130,746
Distribution costs		**(31,207)**	(28,413)
Administrative expenses		**(35,931)**	(39,983)
Other operating gains	10	**12,205**	9,177
Operating Profit before exceptional items and revaluation gains		**63,311**	71,527
Gain on revaluation of investment properties	16	**-**	5,221
Exceptional items	9	**-**	86,106
Operating profit	6	**63,311**	162,854
Share of joint venture profits	18	**-**	4,034
Share of associate losses	18	**(26)**	(362)
Profit before interest and taxation		**63,285**	166,526
Interest receivable and similar income	11	**32**	-
Interest payable and similar charges	11	**(1,843)**	(3,959)
Profit on ordinary activities before taxation		**61,474**	162,567
Tax on profit on ordinary activities	13	**(2,906)**	(6,164)
Profit for the financial year		**58,568**	156,403

Group Statement of Other Comprehensive Income

Financial year ended 31 December 2019	Notes	2019 €'000	2018 €'000
Profit for the financial year		**58,568**	156,403
Other comprehensive (expenses)/income:			
Re-measurement of net defined benefit pension liability	14	**2,227**	16,281
Movement on deferred tax relating to defined benefit pension liability	13	**(281)**	(1,333)
Effective portion of changes in fair value of cash flow hedges			
Fair value movement on cash flow hedges	23	**(2,604)**	807
Cash flow hedges – reclassification to profit and loss account	23	**(398)**	(1,345)
Deferred tax effect of fair value movement on cash flow hedges	13	**30**	48
Share of other comprehensive expenses of associates	18	**(110)**	-
Share of other comprehensive income of joint ventures	18	**-**	2,366
Other comprehensive (expenses)/ income for the financial year, net of tax		**(1,136)**	16,824
Total comprehensive income for the financial year		**57,432**	173,227

Group Balance Sheet

At 31 December 2019	Notes	2019 €'000	2018 €'000
Fixed assets			
Intangible assets	15	**12,128**	11,968
Tangible assets	16	**615,154**	611,286
Biological assets	17	**848,445**	829,827
Investments	18	**11,330**	10,709
		1,487,057	1,463,790
Current assets			
Stocks	19	**23,934**	24,146
Debtors	20	**114,952**	115,082
Cash at bank and in hand		**93,517**	75,217
		232,403	214,445
Creditors - amounts falling due within of financial year	21	**(64,476)**	(56,019)
Net current assets		**167,927**	158,426
Total assets less current liabilities		**1,654,984**	1,622,216
Creditors - amounts falling due after more than one financial year	22	**(89,536)**	(89,292)
Provisions for liabilities	24	**(50,475)**	(55,394)
Deferred government grants	25	**(124,064)**	(125,660)
Net assets before pension liability		**1,390,909**	1,351,870
Defined benefit pension liability	14	**(49,720)**	(55,113)
Net assets		**1,341,189**	1,296,757
Capital and reserves			
Called-up share capital presented as equity	26	**795,060**	795,060
Undenominated capital	27	**6,145**	6,145
Cash-flow hedge reserve	27	**(2,203)**	769
Retained earnings	27	**542,187**	494,783
Shareholders' funds		**1,341,189**	1,296,757

The notes on pages 70 to 118 are an integral part of these financial statements. The financial statements on pages 62 to 118 were authorised for issue by the Board of Directors on 30 March 2020 and were signed on its behalf by:

Bernie Gray
Chair

Gerard Gray
Director

Company Balance Sheet

At 31 December 2019	Notes	2019 €'000	2018 €'000
Fixed assets			
Intangible assets	15	**12,047**	11,839
Tangible assets	16	**517,025**	514,136
Biological assets	17	**848,445**	829,827
Investments	18	**79,740**	79,740
		1,457,257	1,435,542
Current assets			
Stock	19	**3,673**	3,318
Debtors	20	**173,281**	174,365
Cash at bank and in hand		**78,427**	72,916
		255,381	250,599
Creditors - amounts falling due within one financial year	21	**(109,646)**	(105,044)
Net current assets		**145,735**	145,555
Total assets less current liabilities		**1,602,992**	1,581,097
Creditors - amounts falling due after more than one financial year	22	**(89,536)**	(89,292)
Provisions for liabilities	24	**(46,982)**	(51,861)
Deferred government grants	25	**(124,064)**	(125,660)
Net assets before pension liability		**1,342,410**	1,314,284
Defined benefit pension liability	14	**(49,454)**	(53,904)
Net assets		**1,292,956**	1,260,380
Capital and reserves			
Called-up share capital presented as equity	26	**795,060**	795,060
Undenominated capital	27	**6,145**	6,145
Cash-flow hedge reserve	27	**(1,042)**	371
Retained earnings	27	**492,793**	458,804
Shareholders' funds		**1,292,956**	1,260,380

The notes on pages 70 to 118 are an integral part of these financial statements. The financial statements on pages 62 to 118 were authorised for issue by the Board of Directors on 30 March 2020 and were signed on its behalf by:

Bernie Gray
Chair

Gerard Gray
Director

Group Statement of Cash Flows

Financial year ended 31 December 2019	Notes	2019 €'000	2018 €'000
Net cash inflow from operating activities before taxation paid	31	**85,397**	85,704
Taxation paid		**(5,870)**	(6,738)
Net cash inflow from operating activities		**79,527**	78,966
Cash flows from investing activities			
Additions to intangible assets	15	**(2,202)**	(2,927)
Additions to tangible assets	16	**(24,834)**	(25,230)
Additions to biological assets	17	**(33,828)**	(28,478)
Additions to financial assets	18	**(984)**	-
Proceeds from disposals of JV investments		**-**	116,700
Distributions from associate undertakings		**1,500**	-
Distributions from joint venture undertakings		**-**	8,749
Proceeds from disposals of tangible and intangible assets		**12,370**	9,472
Other exceptional cash item		**-**	(582)
Receipt of capital government grants	20/25	**218**	531
Net cash (outflow)/inflow from investing activities		**(47,760)**	78,235
Cash flows from financing activities			
Increase/(decrease) in borrowings	22	**244**	(72,742)
Net interest paid	31	**(711)**	(2,674)
Dividends paid	12	**(13,000)**	(15,000)
Net cash outflow from financing activities		**(13,467)**	(90,416)
Net increase in cash and cash equivalents		**18,300**	66,785
Cash and cash equivalents at 1 January		**75,217**	8,432
Cash and cash equivalents at 31 December		**93,517**	75,217

Company Statement of Cash Flows

Financial year ended 31 December 2019	Notes	2019 €'000	2018 €'000
Net cash inflow from operating activities before taxation paid	32	**58,454**	53,721
Taxation paid		**(4,646)**	(4,046)
Net cash inflow generated from operating activities		**53,808**	49,675
Cash flows from investing activities			
Additions to intangible assets	15	**(2,202)**	(2,795)
Additions to tangible assets	16	**(12,252)**	(14,221)
Additions to biological assets	17	**(33,828)**	(28,478)
Amounts owed from/(by) subsidiary undertakings	20/21	**(569)**	15,874
Proceeds from the disposal of JV investments		**-**	116,700
Distributions from associate undertakings		**1,500**	-
Distributions from joint venture undertakings		**-**	8,749
Proceeds from disposals of tangible assets		**12,302**	9,333
Other exceptional cash items		**-**	(582)
Receipt of capital government grants	20/25	**218**	531
Net cash (outflow)/inflow from investing activities		**(34,831)**	105,111
Cash flows from financing activities			
Increase/(decrease) in borrowings	22	**244**	(72,742)
Net interest paid		**(710)**	(2,667)
Dividends paid	12	**(13,000)**	(15,000)
Net cash outflow from financing activities		**(13,466)**	(90,409)
Net increase in cash and cash equivalents		**5,511**	64,377
Cash and cash equivalents at 1 January		**72,916**	8,539
Cash and cash equivalents at 31 December		**78,427**	72,916

Group Statement of Changes in Equity

Financial year ended 31 December 2019	Notes	Called-up share capital presented as equity €'000	Undenominated capital €'000	Cashflow hedge reserve €'000	Profit and loss account €'000	Total €'000
At 1 January 2019		**795,060**	**6,145**	**769**	**494,783**	**1,296,757**
Profit for the financial year		**-**	**-**	**-**	**58,568**	**58,568**
Other comprehensive (expense)/ income for the financial year		**-**	**-**	**(2,972)**	**1,836**	**(1,136)**
Total comprehensive (expense)/ income for the financial year		**-**	**-**	**(2,972)**	**60,404**	**57,432**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(13,000)**	**(13,000)**
At 31 December 2019		**795,060**	**6,145**	**(2,203)**	**542,187**	**1,341,189**
At 1 January 2018		795,060	6,145	1,259	336,066	1,138,530
Profit for the financial year		-	-	-	156,403	156,403
Other comprehensive (expense)/income for the financial year		-	-	(490)	17,314	16,824
Total comprehensive (expense)/income for the financial year		-	-	(490)	173,717	173,227
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	-	-	-	(15,000)	(15,000)
At 31 December 2018		795,060	6,145	769	494,783	1,296,757

Company Statement of Changes in Equity

Financial year ended 31 December 2019	Notes	Called-up share capital presented as equity €'000	Undenominated capital €'000	Cashflow hedge reserve €'000	Profit and loss account €'000	Total €'000
At 1 January 2019		**795,060**	**6,145**	**371**	**458,804**	**1,260,380**
Profit for the financial year		**-**	**-**	**-**	**45,438**	**45,438**
Other comprehensive (expense)/ income for the financial year		**-**	**-**	**(1,413)**	**1,551**	**138**
Total comprehensive (expense)/ income for the financial year		**-**	**-**	**(1,413)**	**46,989**	**45,576**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(13,000)**	**(13,000)**
At 31 December 2019		**795,060**	**6,145**	**(1,042)**	**492,793**	**1,292,956**
At 1 January 2018		795,060	6,145	382	322,697	1,124,284
Profit for the financial year		-	-	-	134,797	134,797
Other comprehensive (expense)/income for the financial year		-	-	(11)	16,310	16,299
Total comprehensive (expense)/income for the financial year		-	-	(11)	151,107	151,096
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	-	-	-	(15,000)	(15,000)
At 31 December 2018		795,060	6,145	371	458,804	1,260,380

Notes to the Financial Statements

1. Company Information

Coillte CGA (The Irish Forestry Board) was established under the Forestry Act, 1988.

Coillte CGA is a designated activity company limited by shares, that is to say a private company limited by shares registered under Part 16 of the Companies Act 2014. Coillte CGA is domiciled in Ireland and the address of its registered office is Dublin Road, Newtownmountkennedy, Co. Wicklow and the company number is 138108.

2. Statement of compliance

The Company and Group financial statements of Coillte CGA (the Group) have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2014.

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement at fair value of investment properties and certain financial assets and liabilities including derivative financial instruments.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

(c) Exemptions

As permitted by Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate profit and loss account in these financial statements and from filing it with the Registrar of Companies. The Company's profit for the financial year was €45,438,000 (2018: €134,797,000).

(d) Consolidation and equity accounting

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings.

Notes to the Financial Statements

(i) Investments in subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's individual financial statements, investments in subsidiaries are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(ii) Investments in joint ventures

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the Group financial statements, joint ventures are accounted for using the equity method. Investments in joint ventures are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the joint venture, less any impairment. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the joint venture. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in a joint venture are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the joint venture. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's individual financial statements, investments in joint ventures are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(iii) Jointly controlled operations

Jointly controlled operations involve the use of assets and resources of the Group and other venturers rather than the establishment of a separate entity or financial structure separate from the Group and other venturers. Each venturer (including the Group) uses its own assets and incurs its own expenses and liabilities and raises its own finance.

In the financial statements, jointly controlled operations are accounted for by recognising the assets that the Group controls, the liabilities that it incurs, the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(iv) Investments in associate companies

Entities in which the Group holds an interest of less than 50% and has a demonstrable significant influence are treated as associate companies.

Notes to the Financial Statements

In the Group financial statements, associates are accounted for using the equity method. Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the associate. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's individual financial statements, investments in associates are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(e) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency and the Group's presentation currency is the euro, denominated by the symbol "€" and, unless otherwise stated, the financial statements have been presented in thousands ('000).

(ii) Transactions and balances

Foreign currency transactions are translated into euro using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value are measured using the exchange rate ruling when the fair value was determined.

Foreign currency gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue to the extent that revenue and related costs incurred or to be incurred are subject to reliable measurement, that it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership have passed to the buyer, or in accordance with specific terms and conditions agreed with buyers.

Notes to the Financial Statements

Sale of goods and rendering of services

Revenue from the sale of standing timber is recognised in instalments over the course of the sales contract. Revenue from the sale of harvested timber is recognised when delivered to the mill gate. Revenue from the sale of MEDITE SMARTPLY products is recognised when the goods are delivered. All other revenue is recognised when the goods or services are delivered.

(g) Exceptional items

The Group classifies charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Judgement is used by the Group in assessing the particular items, which by virtue of their materiality and/or nature, are disclosed in the Group profit and loss account and related notes as exceptional items. Such items may include restructuring costs including defined benefit pension scheme curtailments or past service costs/credits, profit or loss on disposal of operations, impairment of assets and accelerated amortisation of bank fees.

(h) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined benefit pension plans

The pension entitlements of the majority of employees in Coillte CGA and Medite Europe DAC (a subsidiary undertaking), are funded through separately administered defined benefit superannuation schemes. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the Group's defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plans' assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The Group engages independent actuaries to calculate the obligation. A full actuarial valuation is undertaken every three financial years and is updated to reflect current conditions in the intervening periods. The present value of plan liabilities is determined by discounting the estimated future payments using a market yield on high quality corporate bonds that are denominated in euro and that have terms approximating the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy, including the use of appropriate valuation techniques. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'. Re-measurements are not reclassified to the profit and loss account in subsequent periods.

Notes to the Financial Statements

The cost of defined benefit plans is recognised in the profit and loss account as employee costs, except where included in the cost of an asset. The cost comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as a 'Finance expense'.

(iii) Defined contribution pension plans

Pension entitlements of employees of Smartply Europe DAC and Medite Smartply UK Limited (formerly known as Coillte Panel Products (UK) Limited) (both subsidiary undertakings) are funded through a separately administered defined contribution superannuation scheme. Pension entitlements of employees in Coillte CGA and Medite Europe DAC who are not members of the defined benefit superannuation scheme are funded through separately administered defined contribution schemes. The contributions are recognised as an expense in the profit and loss account as services are rendered.

(i) Taxation

Taxation expense comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or prior financial years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(j) Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings by the Group is capitalised and amortised to the profit and loss account over its estimated useful life. This has been estimated at 10 years after taking account of the nature of the businesses acquired and the industry in which they operate.

Notes to the Financial Statements

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between 2 and 5 financial years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that the useful life has changed, the amortisation rate is amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

(k) Tangible assets

Tangible assets, except for investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, related borrowing costs, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Depreciation

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost over their estimated useful lives, as follows:

- Freehold buildings 20 to 50 years
- Forest roads and bridges 20 to 50 years
- Machinery and equipment 3 to 20 years

Depreciation on certain plant and installation, included in plant and machinery, is provided on a unit of production basis over the estimated useful lives of the assets. The following rates were being applied to these assets as at 31 December 2019:

- Plant and installations 8.33% / 12 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(ii) Subsequent additions

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

(iii) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Revenue from the sale of tangible assets is recognised when an unconditional contract has been signed. The difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account within 'Other operating gains'.

Notes to the Financial Statements

(v) Transfers to stock

Land which is identified during the accounting period as part of the Group's land dealing and development business is transferred to stock.

(l) Investment properties

Investment properties are measured at fair value with changes in fair value recognised in the profit and loss account.

(m) Biological assets

The Group's biological assets comprise of forest plantations and nursery plants and are measured at cost less any accumulated depletion and any accumulated impairment losses.

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

The Group capitalises the costs associated with establishing and maintaining its forest plantations. Direct costs are capitalised on the basis of the specific operations carried out. Indirect costs are capitalised by operation by reference to the proportion of the direct costs capitalised for which the individual management team has responsibility. The Group owns forest plantations established on leased land. Land rentals are treated as direct costs and are capitalised. When the annual rental paid is based on expected future profitability of these forest plantations, any interim revenues from thinning activities are deducted from the amount capitalised.

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

Harvested timber is measured at the point of harvest at the lower of cost and estimated selling price less costs to sell.

Biological assets which are identified during the accounting period as part of the Group's land dealing and development business are transferred to stock.

(n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group has elected to treat the date of transition to FRS 102 (1 January 2014) as the commencement date for the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

Notes to the Financial Statements

(o) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance lease assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating lease assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(p) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Notes to the Financial Statements

(q) Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks sold are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method or a weighted average cost formula. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity). A provision is made for obsolete, slow-moving or defective items where appropriate.

Non-critical spare parts, which are deemed to be of a consumable nature, are included within stocks and expensed when utilised.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(s) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the profit and loss account in the period it arises.

(ii) Replanting obligation

The Group has recognised a provision (liability) in respect of the replanting obligation attaching to clear felled forests and has also recognised a current asset, 'forest plantations to be planted', within debtors. The related costs are treated as an asset because future economic benefits are expected to flow to the Group. As the asset does not meet the definition of biological assets, they are treated as a current asset 'forest plantations to be planted' within debtors.

(iii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Notes to the Financial Statements

(t) Government grants

Government grants are recognised at their fair value when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account. These government grants are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments, except for forestry grants.

Grants in respect of afforestation costs which have been capitalised are released to the profit and loss account when the related forest plantations are clear felled.

Government grants of a revenue nature are deferred and credited to the profit and loss account over the period necessary to match them with the costs that they are intended to compensate.

(u) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade receivables, other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Notes to the Financial Statements

Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one financial year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps and forward foreign currency contracts) to hedge its exposure to interest rate and foreign currency risks arising from operational and financing activities.

Derivative financial instruments, including interest rate swaps and forward foreign currency contracts, are not basic financial instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of derivatives for which the Group has not elected to apply hedge accounting are recognised in the profit and loss account in finance costs or income as appropriate.

(iv) Hedging

For the purposes of hedge accounting, the Group's hedges are designated as cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The fair values of various derivative instruments are disclosed in note 23 and the movements on the cash-flow hedge reserve in equity are shown in the statement of other comprehensive income. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than twelve months and as a current asset or current liability if the remaining maturity of the derivative is less than twelve months.

(v) Research and development

All expenditure on research and development activities is written off to the profit and loss account in the financial year in which it is incurred.

Notes to the Financial Statements

(w) Distributions to equity shareholders

Dividends to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. These amounts are recognised in the statement of changes in equity.

(x) Emission rights

Emission allowances permit the Group to emit a specified amount of carbon compounds into the atmosphere, and may be purchased if emissions are expected to exceed a quota or sold if the quota is not reached. To the extent that excess emission rights are disposed of during a financial period, the profit or loss arising thereon is recognised immediately within cost of sales in the financial statements.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, include but are not limited to the following areas:

(i) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit and loss account. The Group engaged independent valuation specialists to assist in determining the fair value at 31 December 2018. Due to the nature of the property and a lack of comparable market data, the valuation methodology is based on a discounted cash flow model. The determined fair value of the investment properties is most sensitive to the estimated yield and the expected future rental income stream. The key assumptions used to determine the fair value of investment properties are further explained in note 16.

(ii) Impairment of non-financial assets and goodwill

Non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset. The recoverable amount of an asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Group to make assumptions about future supply and demand, future sales prices, the achievement of cost savings, applicable exchange rates and an appropriate discount rate. If the Group fails to meet its forecasted sales levels or fails to achieve anticipated cost reductions, or if weak economic conditions prevail in its primary markets, the value in use of an asset (or an asset's cash generating unit) is likely to be adversely affected.

Notes to the Financial Statements

(iii) Pensions

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary and pension payment increases, asset valuations, inflation and the discount rate on corporate bonds. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Management estimates these factors in determining the net pension obligation on the balance sheet. The assumptions reflect historical experience and current trends and may differ from the actual data as a result of changes in economic and market conditions. See note 14 for the disclosures relating to the defined benefit pension scheme.

(iv) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the Group's tangible assets. The useful economic lives for each class of assets are disclosed in the accounting policy set out in note 3.

(v) Depletion

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

(vi) Impairment of debtors

The Group makes an estimate of the recoverable value when assessing impairment of trade and other debtors. Management considers factors including the insurance policy in place, the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the Group's debtors and associated impairment provision.

(vii) Provisions for liabilities

The determination of the Group's provisions for liabilities inevitably involves a high degree of judgment. Where provisions are deemed necessary, judgments are made in relation to the future cash outflows arising in connection with provisions made. The main judgmental areas in the Group relate to legal claims and restructuring related provisions. Management calculate these provisions factoring in the best information available and they make estimates based on their judgment.

Notes to the Financial Statements

5. Turnover

Analysis of turnover

The Group is organised into three operating divisions: Forest, Land Solutions & Venturing and MEDITE SMARTPLY. The Forest Division is involved in the management of the Group's forestry business, including the establishment, management and protection of forests. Land Solutions & Venturing is responsible for optimising the land resource, for Coillte Nature and for managing the Group's strategic investments and other value added initiatives. MEDITE SMARTPLY is a leading manufacturer and supplier of innovative and sustainable MDF and OSB panels.

The Group also has a Renewable Energy division which is a development business and focused primarily on onshore wind.

The table below is an analysis of turnover by division and by geography.

	Forest		Land Solutions & Venturing		MEDITE SMARTPLY		Group	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000
Group turnover								
Continuing operations:								
Republic of Ireland	**131,964**	132,927	**4,107**	3,731	**26,101**	27,784	**162,172**	162,442
United Kingdom	**17,418**	13,529	**35**	45	**127,837**	139,677	**145,290**	153,251
Rest of the World	**77**	2,146	**-**	-	**53,476**	45,887	**53,553**	48,033
Inter-segment sales*	**(33,580)**	(33,394)	**-**	-	**-**	-	**(33,580)**	(33,394)
Sales to third parties	**115,879**	115,208	**4,142**	3,776	**207,414**	211,348	**327,435**	330,332

** Representing sales from the Group's Forest division to its MEDITE SMARTPLY division.*

Notes to the Financial Statements

6. Operating profit

	2019 €'000	2018 €'000
Operating profit has been arrived at after charging/(crediting):		
Depreciation (note 16)	**20,701**	19,945
Depletion (note 17)	**15,210**	13,019
Amortisation of grants (note 25)	**(1,822)**	(1,604)
Amortisation of intangible assets (note 15)	**2,042**	1,768
Operating lease charges	**1,446**	1,140
Research and development expenditure	**245**	598
Operating lease rental income	**(2,630)**	(2,494)
Impairment/(reversal of impairment) of trade and other receivables	**1,983**	(153)
Inventory recognised as an expense	**191,623**	182,796
Impairment of inventory (included in 'cost of sales')	**1,099**	59
Gain on revaluation of investment properties (note 16)	**-**	(5,221)
Exceptional items (note 9)	**-**	(86,106)

Remuneration (including expenses) for the statutory audit of the financial statements and other services carried out by the Group and Company's auditors is as follows:

	Group		**Company**	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Audit of the financial statements	**225**	211	**179**	159
Other assurance services	**27**	37	**27**	36
Tax advisory services	**103**	153	**88**	150
Other non-audit services	**16**	311	**16**	311
	371	712	**310**	656

Notes to the Financial Statements

7. Emoluments of Directors

	2019 €'000	2018 €'000
Emoluments	**246**	384
Contributions to retirement benefits schemes	**28**	59
Total	**274**	443

Retirement benefits were accruing for part of 2019 to 2 (2018: 2) Directors, one Director under a defined benefit scheme and one Director under a defined contribution scheme.

8. Employees and remuneration

The average number of persons employed by the Group (excluding joint venture and associate undertakings) during the year was 802 (2018: 806).

	2019 €'000	2018 €'000
Staff costs comprise:		
Wages and salaries	**51,934**	50,014
Social insurance costs	**5,264**	5,005
Other retirement benefit costs	**5,435**	6,271
	62,633	61,290
Less: Own work capitalised	**(10,122)**	(9,914)
Charge to profit and loss account	**52,511**	51,376
Other retirement benefit costs comprise:		
Defined contribution scheme pension costs (note 14)	**1,394**	1,230
Defined benefit scheme pension costs (note 14)	**4,041**	5,041
	5,435	6,271

Wages and Salaries	2019 €'000	2018 €'000
Wages and salaries comprise:		
Basic pay	**44,790**	42,312
Overtime	**4,209**	4,289
Allowances	**2,935**	3,413
	51,934	50,014

Notes to the Financial Statements

Key management compensation

	2019 €'000	2018 €'000
Short term benefits	**1,613**	1,460
Post-employment benefits	**86**	113
	1,699	1,573

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group and Company. These include the Board members and senior executives. Senior Executives comprised the CEO plus six others during 2019 (2018: five) (some for part of the year).

In accordance with the Code of Practice for the Governance of State Bodies, post-employment benefits relate to payments in respect of defined contribution schemes. Three key management personnel are members of the Coillte CGA defined benefit scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

9. Exceptional items

	2019 €'000	2018 €'000
Recognised in arriving at operating profit:		
Profit on the disposal of windfarm investments (note A)	-	92,912
Depletion & related costs re Forest Fires (note B)	-	(1,777)
Accelerated amortisation of ECA fees (note C)	-	(1,279)
Recognition of deferred costs associated with projects (note D)	-	(3,750)
	-	86,106

Notes to the Financial Statements

A. Profit on the disposal of windfarm investments

During 2018, the Group disposed of its 50% stake in Cloosh Valley Wind Farm Holdings DAC and Raheenleagh Power DAC along with a 12.5% stake in Sliabh Bawn Wind Holdings DAC to Greencoat Renewables PLC. In addition, the Group disposed of its 50% stake in Castlepook Power DAC to ESB Wind Development Limited. The profit relating to these disposals was €92.9m.

B Depletion & related costs in relation to forest fires

During 2018, there were a number of significant forest fires which affected c.600 hectares of forestry. The associated costs of fire-fighting and the accelerated depletion of the damaged biological assets totalled €1.8m and these were recognised as exceptional costs in 2018.

C. Accelerated amortisation of bank transaction costs

The early repayment of the ECA facility in December 2018 resulted in the write off of the remaining transaction costs associated with this facility (€1.3m) that were being recognised over the life of the facility.

D. Impairment of windfarm assets

During 2018, two adverse planning decisions on windfarm projects resulted in a write down of €3.75m of costs previously deferred.

10. Other operating gains

Other operating gains, all of which relate to profits realised on the disposal of fixed assets, amount to €12.2 million (2018: €9.2 million).

Notes to the Financial Statements

11. Interest payable and similar charges

	2019 €'000	2018 €'000
Interest receivable and similar income		
Interest receivable	**(32)**	-
Interest payable and similar charges		
Interest on bank overdrafts and loans, and other related bank costs	**761**	2,458
Net interest expense on pension deficit (note 14)	**1,060**	1,480
Unwind of discount (note 24)	**22**	21
Other finance costs	**1,082**	1,501
Total interest payable	**1,843**	3,959
Net interest expense	**1,811**	3,959

12. Dividends

Equity dividends declared and paid on ordinary shares:

	2019 €'000	2018 €'000
Dividend of €0.02060 per share for the financial year ended 31 December 2019	**13,000**	-
Dividend of €0.02377 per share for the financial year ended 31 December 2018	**-**	15,000
	13,000	15,000

A dividend of €0.02060 per share totaling €13.0m was authorised by the Board and paid in December 2019. Total dividends paid in the year ended 31 December 2018 amounted to €15.0m.

Notes to the Financial Statements

13. Taxation

(a) Tax expense included in the profit and loss account:

	2019 €'000	2018 €'000
Current tax:		
Corporation tax at 12.5%	**7,010**	6,864
Less: Woodlands relief	**(5,174)**	(3,944)
Irish corporation tax	**1,836**	2,920
Foreign tax	**23**	23
Adjustment in respect of prior financial years	**(1,066)**	(1,058)
Taxation on disposal of fixed assets at 33%	**5,556**	3,114
Total current tax	**6,349**	4,999
Deferred tax:		
Pension timing difference	**31**	144
Revaluation of investment properties	**-**	1,723
Deferred tax assets not previously recognised	**(2,557)**	-
Other timing differences	**(917)**	(702)
Total deferred tax	**(3,443)**	1,165
Total taxation on profit on ordinary activities*	**2,906**	6,164

Notes to the Financial Statements

(b) Tax expense/(income) included in the statement of other comprehensive income:

	2019 €'000	2018 €'000
Current tax:	-	-
Deferred tax:		
Pension timing difference	**281**	1,333
Other timing differences	**(30)**	(48)
Total tax charge included in the statement of other comprehensive income	**251**	1,285

(c) Reconciliation of tax charge

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

	2019 €'000	2018 €'000
Profit on ordinary activities before tax	**61,474**	162,567
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	**7,684**	20,321
Effects of:		
Woodlands relief	**(5,174)**	(3,944)
Tax on exempt income other than woodland profit	**-**	(11,931)
Utilisation of losses carried forward	**-**	(159)
Expenses non-deductible for tax purposes	**521**	438
Differences between capital allowances and depreciation	**3**	(480)
Higher rates of tax on certain activities	**4,050**	3,482
Foreign tax	**36**	21
Deferred tax at higher rate	**(505)**	-
Deferred tax assets not previously recognised	**(2,557)**	-
Adjustments in respect of prior financial years	**(1,066)**	(1,058)
Other	**(86)**	(526)
	2,906	6,164

Notes to the Financial Statements

14. Pensions

A. Defined benefit pension scheme

The Group operates defined benefit pension schemes in Coillte CGA and Medite Europe DAC for the majority of those entities' employees, with assets held in separately administered funds.

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 as at 1 January 2018 (Medite Europe DAC) and 31 December 2017 (Coillte CGA).

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 increases by 1.25% (Coillte CGA) and 1.4% (Medite Europe DAC) in the last full valuations and that pension increases of 1.75% would be paid by Coillte CGA. No provision was made for future pension increases in Medite Europe DAC.

The market value of the assets in the Group's defined benefit schemes at the respective valuation dates was €271.1 million (Coillte CGA – 31 December 2017) and €34.4 million (Medite Europe DAC – 1 January 2018) and the deficits in the schemes, inclusive of the Funding Standard Reserve, at those dates were €23.7 million (Coillte CGA) and €4.6 million (Medite Europe DAC).

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 92% of the benefits that had accrued to the members of the combined scheme, inclusive of the Funding Standard Reserve, as at the valuation dates. Coillte CGA and Medite Europe DAC contribute to their respective scheme on behalf of members 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.

The payment of pre-Vesting Day pension entitlements of employees retiring after Vesting Day, which is the liability of the Minister for Public Expenditure and Reform, has been delegated to the Company by the Minister for Agriculture, Food and the Marine under section 44 of the Forestry Act, 1988. Payments made by the Company in accordance with such delegation are reimbursed by the Minister for Public Expenditure and Reform.

A funding proposal in respect of the Coillte CGA scheme was approved by the Pensions Authority in 2010. The funding proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 31 December 2020. The funding proposal requires Coillte to make significant additional contributions and employees to increase their contributions. A funding agreement which varied some of the terms of the funding proposal was agreed with the Trustees in July 2014. This agreement puts in place a number of alternative measures to the transfer of non-cash assets, which was part of the original funding proposal. These alternative measures include further Company cash contributions over the period to the pension fund. The Company has also given the Trustees security over €20m of forestry assets that would be available to the Trustees in certain circumstances. These include the Company terminating its liability to the scheme or not making contributions to the scheme, the wind up of the scheme or the Company ceasing business. In addition, the funding agreement notes that the Company intends to limit future increases in pensions in payment to increases in the Consumer Price Index. The Trustees have notified the Pensions Authority of these changes and the Pensions Authority have confirmed they are satisfied with them.

Notes to the Financial Statements

A funding proposal in respect of the Medite Europe DAC Scheme was approved by the Pensions Authority in July 2015. This proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 2023 and involved significant additional cash contributions by that company, additional employee contributions and benefit changes for members.

The amounts recognised in the profit and loss account are as follows:

	2019 €'000	2018 €'000
Current service cost	**4,041**	5,041
Less: Capitalised expenses	**(1,007)**	(1,148)
Total charge in operating profit	**3,034**	3,893
Net interest expense	**1,060**	1,480
Total profit and loss account charge	**4,094**	5,373

The amounts recognised in the statement of other comprehensive income are as follows:

	2019 €'000	2018 €'000
Return on scheme assets excluding interest income	**29,817**	(12,315)
Actuarial (losses)/gains	**(27,590)**	28,596
Re-measurement gains recognised in the statement of other comprehensive income	**2,227**	16,281

Expected contributions for the financial year ending 31 December 2020 are €8,294,000.

Notes to the Financial Statements

Movement in scheme assets and liabilities

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'000
At 1 January 2019	**299,576**	**(354,689)**	**(55,113)**
Benefits paid from plan assets	**(11,027)**	**11,027**	**-**
Employer contributions paid	**8,267**	**-**	**8,267**
Contributions by plan participants	**1,087**	**(1,087)**	**-**
Current service cost	**-**	**(3,799)**	**(3,799)**
Administration expenses	**(242)**	**-**	**(242)**
Interest income/(expense)	**6,205**	**(7,265)**	**(1,060)**
Re-measurement gains/losses			
- Actuarial gains	**-**	**(27,590)**	**(27,590)**
- Return on plan assets excluding interest income	**29,817**	**-**	**29,817**
As at 31 December 2019	**333,683**	**(383,403)**	**(49,720)**
At 1 January 2018	306,228	(382,575)	(76,347)
Benefits paid from plan assets	(13,009)	13,009	-
Employer contributions paid	11,471	-	11,471
Contributions by plan participants	1,190	(1,190)	-
Current service cost	-	(4,704)	(4,704)
Administration expenses	(334)	-	(334)
Interest income/(expense)	6,345	(7,825)	(1,480)
Re-measurement gains			
- Actuarial gains	-	28,596	28,596
- Return on plan assets excluding interest income	(12,315)	-	(12,315)
As at 31 December 2018	299,576	(354,689)	(55,113)

For the purposes of disclosure the assets and liabilities of the Coillte CGA and Medite Europe DAC defined benefit schemes have been combined. At 31 December 2019, the deficit in the Coillte CGA scheme was €49.5 million (2018: deficit of €53.9 million) and the deficit in the Medite Europe DAC scheme was €0.2 million (2018: deficit of €1.2 million).

Notes to the Financial Statements

The fair value of the plan assets was:

	2019 €'000	2018 €'000
Equities	**105,074**	86,360
Bonds	**150,752**	135,935
Property	**31,037**	20,714
Other	**46,820**	56,567
Total market value of assets	**333,683**	299,576

The actual return on plan assets was:

	2019 €'000	2018 €'000
Actual return on plan assets	**36,022**	(5,970)

Principal actuarial assumptions at the balance sheet date:

	2019	2018
Rate of increase in salaries	**1.80%**	2.00%
Rate of increase in pension payments		
- Coillte CGA	**1.30%**	1.50%
- Medite Europe DAC	**0.00%**	0.00%
Discount rate	**1.40%**	2.10%
Price inflation	**1.30%**	1.50%
Post-retirement mortality*		
Current pensioners at 65 - Male	**22.5**	22.4
Current pensioners at 65 - Female	**24.4**	24.3
Future pensioners at 65 - Male	**24.2**	24.1
Future pensioners at 65 - Female	**26.2**	26.1

** Assumptions regarding future mortality are based on published statistics and experience.*

B. Defined contribution pension scheme

The Group also contributes to a number of defined contribution pension schemes on behalf of certain employees who are not members of the defined benefit schemes. The assets of these schemes are held separately from those of the Group or Company in independently administered schemes. The pension cost for the period amounted to €1,394,000 (2018: €1,230,000) and contributions of €120,000 (2018: €66,000) were not transferred to the funds until after the financial year end.

Notes to the Financial Statements

15. Intangible assets

A. Group	Notes	Software €'000	Goodwill €'000	Total €'000
Cost				
At 1 January 2019		20,250	1,176	21,426
Additions		2,202	-	2,202
Disposals – cost		(2,857)	-	(2,857)
At 31 December 2019		19,595	1,176	20,771
Accumulated amortisation				
At 1 January 2019		(8,282)	(1,176)	(9,458)
Amortisation		(2,042)	-	(2,042)
Disposals – amortisation		2,857	-	2,857
At 31 December 2019		(7,467)	(1,176)	(8,643)
Net book amounts				
At 31 December 2019		12,128	-	12,128
At 31 December 2018		11,968	-	11,968
Cost				
At 1 January 2018		20,041	1,176	21,217
Additions		2,927	-	2,927
Disposals – cost		(2,718)	-	(2,718)
At 31 December 2018		20,250	1,176	21,426
Accumulated amortisation				
At 1 January 2018		(9,232)	(1,176)	(10,408)
Amortisation		(1,768)	-	(1,768)
Disposals - amortisation		2,718	-	2,718
At 31 December 2018		(8,282)	(1,176)	(9,458)
Net book amount				
At 31 December 2018		11,968	-	11,968
At 31 December 2017		10,809	-	10,809

Notes to the Financial Statements

B. Company

	Software €'000
Cost	
At 1 January 2019	**18,787**
Additions	**2,202**
Disposals – cost	**(2,857)**
At 31 December 2019	**18,132**
Accumulated amortisation	
At 1 January 2019	**(6,948)**
Amortisation	**(1,994)**
Disposals - amortisation	**2,857**
At 31 December 2019	**(6,085)**
Net book amounts	
At 31 December 2019	**12,047**
At 31 December 2018	**11,839**
Cost	
At 1 January 2018	18,710
Additions	2,795
Disposals – cost	(2,718)
At 31 December 2018	18,787
Accumulated amortisation	
At 1 January 2018	(7,947)
Amortisation	(1,719)
Disposals - amortisation	2,718
At 31 December 2018	(6,948)
Net book amounts	
At 31 December 2018	11,839
At 31 December 2017	10,763

Intangible assets include software costs incurred in developing the Group's Forest Management System, with a carrying value of €9.7 million (2018: €7.7 million). There are no other individual material intangible assets. Amortisation of intangible assets is included in cost of sales and administrative expenses. The estimated useful lives are disclosed in note 3(j).

Notes to the Financial Statements

16. Tangible assets

A. Group	Notes	Land	Buildings	Investment Properties	Forest roads & bridges	Machinery & equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 January 2019	(i)	**354,424**	**35,615**	**25,702**	**316,912**	**182,335**	**914,988**
Additions		**2,456**	**765**	**-**	**8,468**	**13,045**	**24,734**
Disposals		**(165)**	**(1,085)**	**-**	**-**	**(484)**	**(1,734)**
At 31 December 2019		**356,715**	**35,295**	**25,702**	**325,380**	**194,896**	**937,988**
Accumulated depreciation							
At 1 January 2019		**-**	**(26,905)**	**-**	**(179,707)**	**(97,090)**	**(303,702)**
Charge for financial year		**-**	**(1,216)**	**-**	**(8,135)**	**(11,350)**	**(20,701)**
Disposals		**-**	**1,085**	**-**	**-**	**484**	**1,569**
At 31 December 2019		**-**	**(27,036)**	**-**	**(187,842)**	**(107,956)**	**(322,834)**
Net book amounts							
At 31 December 2019		**356,715**	**8,259**	**25,702**	**137,538**	**86,940**	**615,154**
At 31 December 2018		**354,424**	**8,710**	**25,702**	**137,205**	**85,245**	**611,286**
Cost							
At 1 January 2018	(i)	352,751	33,488	20,481	308,528	175,614	890,862
Additions		1,898	2,827	-	8,384	7,715	20,824
Disposals		(225)	(700)	-	-	(994)	(1,919)
Surplus on revaluation		-	-	5,221	-	-	5,221
At 31 December 2018		354,424	35,615	25,702	316,912	182,335	914,988
Accumulated depreciation							
At 1 January 2018		-	(26,274)	-	(171,786)	(87,321)	(285,381)
Charge for financial year		-	(1,192)	-	(7,921)	(10,832)	(19,945)
Disposals		-	561	-	-	1,063	1,624
At 31 December 2018		-	(26,905)	-	(179,707)	(97,090)	(303,702)
Net book amounts							
At 31 December 2018		354,424	8,710	25,702	137,205	85,245	611,286
At 31 December 2017		352,751	7,214	20,481	136,742	88,293	605,481

Notes to the Financial Statements

B. Company		**Land**	**Buildings**	**Investment Properties**	**Forest roads & bridges**	**Machinery & equipment**	**Total**
	Notes	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 January 2019	(i)	**342,642**	**11,142**	**25,702**	**316,914**	**9,344**	**705,744**
Additions		**2,456**	**399**	**-**	**8,466**	**931**	**12,252**
Disposals		**(165)**	**-**	**-**	**-**	**(296)**	**(461)**
At 31 December 2019		**344,933**	**11,541**	**25,702**	**325,380**	**9,979**	**717,535**
Accumulated depreciation							
At 1 January 2019		**-**	**(4,549)**	**-**	**(179,707)**	**(7,352)**	**(191,608)**
Charge for financial year		**-**	**(243)**	**-**	**(8,135)**	**(820)**	**(9,198)**
Disposals		**-**	**-**	**-**	**-**	**296**	**296**
At 31 December 2019		**-**	**(4,792)**	**-**	**(187,842)**	**(7,876)**	**(200,510)**
Net book amounts							
At 31 December 2019		**344,933**	**6,749**	**25,702**	**137,538**	**2,103**	**517,025**
At 31 December 2018		**342,642**	**6,593**	**25,702**	**137,207**	**1,992**	**514,136**
Cost							
At 1 January 2018	(i)	340,969	11,750	20,481	308,528	9,728	691,456
Additions		1,898	92	-	8,386	149	10,525
Disposals		(225)	(700)	-	-	(533)	(1,458)
Surplus on revaluation		-	-	5,221	-	-	5,221
At 31 December 2018		342,642	11,142	25,702	316,914	9,344	705,744
Accumulated depreciation							
At 1 January 2018		-	(4,871)	-	(171,786)	(7,154)	(183,811)
Charge for financial year		-	(239)	-	(7,921)	(867)	(9,027)
Disposals		-	561	-	-	669	1,230
At 31 December 2018		-	(4,549)	-	(179,707)	(7,352)	(191,608)
Net book amounts							
At 31 December 2018		342,642	6,593	25,702	137,207	1,992	514,136
At 31 December 2017		340,969	6,879	20,481	136,742	2,574	507,645

Notes to the Financial Statements

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

(ii) At 31 December 2019 €1.1 million (2018: €1.2 million) of total additions was unpaid and included within creditors due within one financial year.

The carrying value of land comprises:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Investment properties at fair value	**25,702**	25,702	**25,702**	25,702
Other land at cost	**359,578**	354,424	**347,796**	342,642
	385,280	380,126	**373,498**	368,344

The Group's investment properties predominantly comprise of land rented to wind-farm operators under long-term lease agreements. Investment properties were independently valued by CBRE as at 31 December 2018 on an open market valuation basis in accordance with the RICS Valuation – Global Standards 2017 (Red Book) published by the Royal Institution of Chartered Surveyors. The valuer noted that values are subject to changes on account of market adjustments and other factors, and that values in the future may therefore be higher or lower than at the valuation date. The fair value of the investment properties at 31 December 2019 was determined by the Directors using the same assumptions as those applied by CBRE at 31 December 2018. There has been no change in the fair value of these investments properties at 31 December 2019.

The significant assumptions made relating to the valuation include:

- Future rental income stream. The rental income is partially contingent on the performance of the wind-farm.
- A yield range of 8.5% to 10.3% has been applied.

Investment properties: Group and Company

	2019 €'000	2018 €'000
At 1 January	**25,702**	20,481
Surplus on revaluation	**-**	5,221
At 31 December	**25,702**	25,702

The historic cost of investment properties at 31 December 2019 was €0.5 million (2018: €0.5 million).

Notes to the Financial Statements

17. Biological assets

Group and Company

	Notes	2019 €'000	2018 €'000
Cost			
At 1 January	(i)/(ii)	**892,801**	878,586
Additions		**33,828**	28,478
Depletion	(iii)	**(15,210)**	(14,263)
At 31 December		**911,419**	892,801
Accumulated impairment			
At 1 January and 31 December		**(62,974)**	(62,974)
Net book amounts			
At 31 December		**848,445**	829,827

(i) The Group's forest assets are reported as (a) biological assets, that is, standing forest plantations, and (b) land and forest roads & bridges assets (see note 16). The Group's forest holdings comprise approximately 359,000 hectares of forestland in the Republic of Ireland and approximately 15,300 hectares of standing forest plantations established on leased land.

(ii) Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances (see note 14).

(iii) During 2018 there was a number of significant forest fires which affected c.600 hectares of forestry. The associated accelerated depletion costs of the damaged biological assets was €1.2 million and was recognised as part of exceptional costs in that year.

Notes to the Financial Statements

18. Investments

Subsidiary undertakings, joint ventures and associates

A. Group

	Notes	2019 €'000	2018 €'000
Joint venture undertakings	(a)	-	-
Associate undertakings	(b)	11,330	10,709
		11,330	10,709

(a) Joint venture undertakings

	Notes	2019 €'000	2018 €'000
At 1 January		-	4,983
Reclassification of provision for liabilities		-	(2,592)
Reclassification to investments in associates	(iv)	-	330
Disposals	(ii)	-	(9,121)
Share in profit of joint ventures	(i)	-	4,034
Share in other comprehensive income/(expense) of joint ventures	(i)	-	2,366
At 31 December		-	-

(b) Investments in associates

	Notes	2019 €'000	2018 €'000
At 1 January		10,709	11,071
Additions	(iii)	984	-
Share in loss of associates	(iv)	(26)	(362)
Share in other comprehensive income of associates	(iv)	(110)	-
Reclassification from joint ventures	(v)	-	(330)
Reclassification of associates to provisions (note 24)	(iv)	(227)	330
At 31 December		11,330	10,709

Notes to the Financial Statements

(i) In 2018 the Group recorded its 50% share in its joint ventures' profits amounting to €4,034,000. The Group also recognised its 50% share in its joint ventures' movement in cash-flow hedge reserves driven by the changes in fair value of the joint ventures' derivative financial instruments used to hedge their interest rate risk exposure, amounting to a gain of €2,366,000.

(ii) In 2018 the Group disposed of its 50% shareholding in Raheenleagh Power DAC, Castlepook Power DAC and Cloosh Valley Wind Farm Holdings DAC and 25% of its shareholding in Sliabh Bawn Wind Holdings DAC.

(iii) In December 2019 the Group invested a further €984,000 in its combined investments in Tricoya Technologies Limited and Tricoya Ventures UK Limited.

(iv) The Group's share of its associates' losses amounted to €26,000 (2018: €362,000) in 2019 and its share of its associates' other comprehensive expenses amounted to €110,000 in 2019 (2018: €nil).

Where the Group's share of profits in an associate is positive, the carrying amount of the Group's investment in that associate is recognised in investments. In 2019 investments in associates with a positive investment value amounted to €11,330,000 (2018: €10,709,000).

Where the Group's share of losses in an associate exceeds the Group's investment in the associate, the carrying amount of the Group's investment in that associate is reduced to €nil and the remaining balance is recognised in provisions for liabilities. At 31 December 2019 the amount included in provisions for liabilities in relation to associates amounted to €103,000 (2018: €330,000).

(v) As a result of the Group's disposal of 25% of its 50% shareholding in Sliabh Bawn Wind Holdings DAC in 2018, the Group's investment in Sliabh Bawn Wind Holdings DAC has been reclassified from investments in joint ventures to investments in associate undertakings.

B. Company

	Notes	Subsidiary undertakings €'000	Associate undertakings €'000	Total €'000
Unlisted shares				
At 1 January 2019 and 31 December 2019		**78,856**	**884**	**79,740**
At 1 January 2018		78,856	2,929	81,785
Disposals		-	(2,045)	(2,045)
At 31 December 2018		78,856	884	79,740

Notes to the Financial Statements

Listing of the Group's subsidiary, joint venture and associate undertakings

Subsidiary Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Smartply Europe DAC	100	Oriented strand board (OSB) manufacture	Belview, Slieverue, Co. Waterford, Ireland.
Medite Europe DAC	100	Medium density fibreboard (MDF) manufacture	Redmondstown, Clonmel, Co. Tipperary, Ireland.
Medite Smartply UK Limited (formerly Coillte Panel Products (UK) Limited)	100	MEDITE SMARTPLY marketing	Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, UK.

Joint Venture Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Moylurg Rockingham DAC	50	Forest recreation	Lough Key Forest and Activity Park, Boyle, Co. Roscommon, Ireland.

Associated Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Sliabh Bawn Wind Holdings DAC	37.5	Wind energy	Dublin Road, Newtownmountkennedy, Co. Wicklow, Ireland.
Tricoya Technologies Limited	10	Development and licencing of intellectual property	Brettenham House, 19 Lancaster Place, London, WC2E 7EN.
Tricoya Ventures UK Limited	6	Production and sale of acetylated wood chips	Brettenham House, 19 Lancaster Place, London, WC2E 7EN.

In accordance with Section 357 of the Companies Act 2014, 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 347 and Section 348 of the Companies Act 2014.

Notes to the Financial Statements

19. Stocks

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Raw materials and consumables	**5,624**	2,571	**871**	744
Spare parts	**4,999**	5,122	**-**	-
Finished goods	**13,311**	16,453	**2,802**	2,574
	23,934	24,146	**3,673**	3,318

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.

20. Debtors

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Trade debtors	**42,319**	43,720	**20,011**	22,108
Amounts owed by subsidiary undertakings	**-**	-	**70,312**	69,852
Amounts owed by joint venture/associate undertakings	**397**	1,297	**13,837**	14,737
Forest plantations to be planted (note 24)	**37,478**	42,449	**37,478**	42,449
Deferred tax (note 24)	**4,474**	1,759	**2,221**	1,603
Derivative financial instruments (note 23)	**67**	949	**2**	371
Grants receivable	**460**	452	**460**	452
Corporation Tax	**-**	104	**66**	9
Other debtors	**27,945**	21,095	**27,945**	21,095
Prepayments	**1,812**	3,257	**949**	1,689
	114,952	115,082	**173,281**	174,365

Trade debtors are stated after provisions for impairment of €1,751,000 (2018: €1,029,000). Amounts owed by subsidiary, joint venture and associate undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

21. Creditors: amounts falling due within one financial year

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Trade creditors	**11,347**	11,337	**9,425**	6,680
Taxation and social insurance	**3,730**	2,031	**1,456**	1,869
Accruals	**46,954**	42,479	**28,446**	26,981
Derivative financial instruments (note 23)	**2,412**	139	**914**	-
Amounts owed to subsidiary undertakings	**-**	-	**69,372**	69,481
Amounts owed to joint venture undertakings	**33**	33	**33**	33
	64,476	56,019	**109,646**	105,044

	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Taxation and social insurance comprise:				
PAYE/PRSI	**1,928**	944	**852**	809
VAT	**1,146**	637	**345**	614
Corporation and capital gains tax	**375**	-	**-**	-
Other	**281**	450	**259**	446
	3,730	2,031	**1,456**	1,869

Trade and other creditors are payable at various dates in the next three months after the end of the financial year, in accordance with the creditors' usual and customary credit terms. Trade creditors of €3,989,000 (2018: €4,133,000) have reserved title to goods supplied.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Amounts due to subsidiary and joint venture undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

22. Creditors: amounts falling due after more than one financial year

Bank Loans

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Loans, all repayable after more than 5 years	**89,536**	89,292	**89,536**	89,292

Loans and other debt comprises:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Details of loans and other debt				
EIB facility	**90,000**	90,000	**90,000**	90,000
Transaction costs	**(464)**	(708)	**(464)**	(708)
	89,536	89,292	**89,536**	89,292

Group Facilities

	Available Facility €'m	Drawn Down as at 31 December 2019 €'m
The Group has a total of €185m of facilities available to it at year end comprising:		
• a syndicated revolving credit facility ('RCF') (i)	90.0	-
• a bank overdraft facility	5.0	-
• a European Investment Bank facility (ii)	90.0	90.0

(i) The RCF was originally negotiated in 2016 and has a seven year term to 2023. Drawings incur interest at a margin of between 1% and 2.5%, depending on the performance of the Group in the previous reporting period. The margin is in addition to the floating Euribor charge, and a commitment fee is payable on any unutilised portion of the facility at a rate of 0.35% of the applicable margin.

(ii) In December 2016, the Group entered into a 10 year facility agreement for €90m with the European Investment Bank, which was drawn in January 2017 at a fixed rate of 0.743% for a period of six years, after which the Group can decide to enter into a fixed or floating rate calculation basis for the remaining four years of the agreement.

The Group had undrawn facilities of €95m (2018: €95m) as at 31 December 2019.

Notes to the Financial Statements

23. Financial instruments

A. Financial assets and liabilities:	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Financial assets measured at fair value through profit or loss:				
Forward foreign currency contracts	**67**	949	**2**	371
Financial assets that are debt instruments measured at amortised costs:				
Trade debtors (note 20)	**42,319**	43,720	**20,011**	22,108
Amounts owed by subsidiary undertakings (note 20)	**-**	-	**70,312**	69,852
Amounts owed by joint venture/associate undertakings (note 20)	**397**	1,297	**13,837**	14,737
Other debtors (note 20)	**27,945**	21,095	**27,945**	21,095
Grants receivable (note 20)	**460**	452	**460**	452
	71,121	66,564	**132,565**	128,244
Financial liabilities measured at fair value through profit or loss:				
Forward foreign currency contracts	**(2,412)**	(139)	**(914)**	-
Financial liabilities that are debt instruments measured at amortised costs:				
Trade creditors (note 21)	**(11,347)**	(11,337)	**(9,425)**	(6,680)
Amounts owed to subsidiary undertakings (note 21)	**-**	-	**(69,372)**	(69,481)
Amounts owed to joint venture undertakings (note 21)	**(33)**	(33)	**(33)**	(33)
Loans (note 22)	**(89,536)**	(89,292)	**(89,536)**	(89,292)
	(100,916)	(100,662)	**(168,366)**	(165,486)

Notes to the Financial Statements

B. Derivative financial instruments:

Group

The Group uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Group has elected to apply hedge accounting.

Forward foreign currency contracts

The Group uses a combination of financial instruments being vanilla forward contracts and average rate forward contracts.

At 31 December 2019, all of the outstanding vanilla forward contracts will mature within 12 months (2018: 12 months) of the financial year end, with €61.3m to mature in 2020. The Group is contracted to sell Stg £53.6 million (2018: Stg £62.4 million) and receive a fixed euro amount in return. The Group is contracted to buy USD $Nil million (2018: USD $2.0 million) and pay a fixed euro amount in return.

As at 31 December 2019 the Group had average rate forward contracts outstanding for a notional amount of £19.0 million (2018: £21.0 million), where the Group will pay the difference of the average exchange rate based on known observations and the strike price.

The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for Euro /Stg£ and Euro/US$. At 31 December 2019, the forward foreign currency contracts have a negative fair value of €2,345,000 (2018: €810,000 positive). During 2019, a hedging loss of €2,604,000 (2018: €807,000 gain) was recognised in the statement of other comprehensive income for changes in the fair value of the forward foreign currency contracts and €398,000 (2018: €1,345,000) was reclassified from the hedge reserve to the profit and loss account.

Interest rate swaps

At 31 December 2019 and 2018, the Group had no interest rate swaps outstanding.

Company

The Company uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Company has elected to apply hedge accounting.

Forward foreign currency contracts

At 31 December 2019, all of the outstanding contracts will mature within 12 months of the financial year end. The Company has entered into average rate forwards for a notional amount of £19.0 million (2018: £21.0 million), where the Company will pay the difference of the average exchange rate based on known observations and the strike price. At 31 December 2019, the forward foreign currency contracts have a negative fair value of €0.9 million (2018: €0.3 million positive).

Interest rate swaps

The Company's interest rate exposure is managed via the €90.0 million European Investment Bank facility, which was drawn in early 2017 at a fixed rate of 0.743% for a period of six years.

Notes to the Financial Statements

24. Provisions for liabilities

A. Group

	Provision for replanting clear felled forest plantations	Joint venture undertakings	Associate undertakings	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2019	**42,449**	**-**	**330**	**2,915**	**9,700**	**55,394**
Additions	**-**	**-**	**-**	**1,088**	**-**	**1,088**
Amounts charged against the provision	**(4,971)**	**-**	**(227)**	**(284)**	**(476)**	**(5,958)**
Unused amounts reversed	**-**	**-**	**-**	**(71)**	**-**	**(71)**
Unwind of discount	**-**	**-**	**-**	**22**	**-**	**22**
At 31 December 2019	**37,478**	**-**	**103**	**3,670**	**9,224**	**50,475**

	Provision for replanting clear felled forest plantations	Joint venture undertakings	Associate undertakings	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2018	44,193	2,592	-	2,778	8,728	58,291
Additions	-	-	-	308	1,723	2,031
Reclassification to investments	-	(2,592)	-	-	-	(2,592)
Reclassification to associate undertakings	-	-	330	-	-	330
Amounts charged against the provision	(1,744)	-	-	(100)	(751)	(2,595)
Unused amounts reversed	-	-	-	(92)	-	(92)
Unwind of discount	-	-	-	21	-	21
At 31 December 2018	42,449	-	330	2,915	9,700	55,394

B. Company

	Provision for replanting clear felled forest plantations	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000
At 1 January 2019	**42,449**	**1,064**	**8,348**	**51,861**
Additions	**-**	**220**	**-**	**220**
Amounts charged against the provision	**(4,971)**	**(128)**	**-**	**(5,099)**
At 31 December 2019	**37,478**	**1,156**	**8,348**	**46,982**
At 1 January 2018	44,193	1,081	6,625	51,899
Additions	-	89	1,723	1,812
Amounts charged against the provision	(1,744)	(106)	-	(1,850)
At 31 December 2018	42,449	1,064	8,348	51,861

Notes to the Financial Statements

Replanting provision
Section 49(3) of the Forestry Act 1946 and Section 17(4) of the Forestry Act 2014 provide for a statutory replanting obligation in respect of all felling licences issued to the Group. A provision has been recognised for replanting clear felled forests over the next two financial years. The related costs are recognised as a current asset, 'forest plantations to be planted', within debtors (note 20).

Legal and other provisions
The Group employs an in-house team to manage all claims against the Group. It has also established a Liability Provisions Committee that meets four times a financial year to assess the provisions for legal claims proposed by the in-house legal team. The committee is made up of senior management and a representative of the Group's insurance brokers.

The utilisation of the provision is dependent on the timing of settlement of outstanding claims.

Deferred tax
The deferred tax in the balance sheet is as follows:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Included in debtors (note 20)	**4,474**	1,759	**2,221**	1,603
Included in provisions for liabilities (note 24)	**(9,224)**	(9,700)	**(8,348)**	(8,348)
	(4,750)	(7,941)	**(6,127)**	(6,745)

The net deferred tax liability comprises:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Losses carried forward	**2,120**	-	**-**	-
Accelerated capital allowances	**(1,010)**	(1,435)	**-**	-
Defined benefit pension	**1,439**	1,754	**1,408**	1,603
Derivative financial instruments	**236**	88	**-**	-
Revaluation of investment properties	**(8,348)**	(8,348)	**(8,348)**	(8,348)
Other timing difference	**813**	-	**813**	-
	(4,750)	(7,941)	**(6,127)**	(6,745)

In 2019, the Group recognised a deferred tax asset of €2,557,000 arising on the losses carried forward in one of the Group's subsidiary undertakings. This asset was not recognised in prior years due to the trading environment at the time. The value of this unrecognised asset at 31 December 2018 was €2,669,000.

Notes to the Financial Statements

25. Deferred government grants

Group & Company	Forestation €'000	Forest roads €'000	Other €'000	Total €'000
At 1 January 2019	**102,310**	**23,219**	**131**	**125,660**
Received during the year	**9**	**217**	**-**	**226**
	102,319	**23,436**	**131**	**125,886**
Amortised during the year	**(757)**	**(1,059)**	**(6)**	**(1,822)**
At 31 December 2019	**101,562**	**22,377**	**125**	**124,064**
At 1 January 2018	102,819	23,769	201	126,789
Addition/disposals during the year	(26)	501	-	475
	102,793	24,270	201	127,264
Amortised during the year	(483)	(1,051)	(70)	(1,604)
At 31 December 2018	102,310	23,219	131	125,660

Forestry government grants
The Group has received capital government grants for afforestation and for building forest roads. Government grants received 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 ten or twenty years after the date of payment of the grant, failing which all grant monies or part thereof may be refundable.

26. Called up share capital

	2019 €'000	2018 €'000
Ordinary shares of €1.26 each		
Authorised	**1,260,000**	1,260,000
Allocated, issued and fully paid – presented as equity	**795,060**	795,060

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

Notes to the Financial Statements

27. Other reserves

Undenominated capital

During the financial 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.

Cash-flow hedge reserve

The cash-flow hedge reserve is used to record transactions arising from the Group's cash-flow hedging arrangements.

Retained earnings

Retained earnings of the Group and Company include €16.9 million of unrealised gains representing a gain on the revaluation of investment properties of €25.2 million and a related deferred tax provision of €8.3 million. Up until such time as these are realised, these unrealised gains cannot be distributed to the shareholders by the Company.

28. Future capital expenditure not provided for

	2019 €'000	2018 €'000
Contracted for	**3,154**	4,864
Authorised by the Directors but not contracted for	**103,139**	78,779
At 31 December	**106,293**	83,643

Notes to the Financial Statements

29. Leases

Operating lease agreements where the Group is lessee

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Payments due:				
Within one financial year	**2,112**	1,856	**1,863**	1,576
Between two and five financial years	**6,341**	5,298	**5,655**	4,542
Over five financial years	**10,450**	9,359	**10,450**	9,291
	18,903	16,513	**17,968**	15,409

Included within the commitments, Smartply Europe DAC leases 60 acres on which its facility is constructed from Waterford Harbour Commissioners and Kilkenny County Council. The lease agreement expires in 2034, it is renewable at five financial year intervals thereafter and it provides for rent reviews every five years. The company has an option to terminate the lease on 25 July 2024. The company has a commitment, under the terms of the lease, to ship a certain agreed tonnage of finished product through the Port of Waterford each financial year. At 31 December 2019 the company was committed to making an annual payment of €112,000 (2018: €112,000) in respect of these lease obligations. On cessation of the lease and vacating the site, the company is required to remove all plant, equipment, rolling stock and inventory and to give the lessor clear and vacant possession of the premises, foundations and fixtures. A provision has been made for this decommissioning liability. This provision is contained within other provisions (see note 24).

Notes to the Financial Statements

Operating lease agreements where the Group is lessor

The Group holds land rented to wind-farm operators as investment properties as disclosed in note 16. The Group's significant lease arrangements have remaining terms of c.22 financial years. In addition to a minimum rent, the Group may receive a contingent rent based on the performance of the individual windfarms. The minimum rent is adjusted for increases in the Consumer Price Index annually or every five years.

The Group and Company's future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group & Company	
	2019 €'000	2018 €'000
Receipts due:		
Within one financial year	**2,467**	2,566
Between two and five financial years	**10,663**	11,159
Over five financial years	**46,684**	51,643
	59,814	65,368

30. Contingencies and commitments

Group and Company

A. 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.

B. Immature Forest Asset

Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances (note 14).

Notes to the Financial Statements

31. Notes to Group Statement of Cash Flows

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

	Notes	2019 €'000	2018 €'000
Profit for the financial year		**58,568**	156,403
Adjustments for:			
Amortisation of intangible assets	15	**2,042**	1,768
Depreciation of tangible assets	16	**20,701**	19,945
Profit on disposals of tangible assets		**(12,205)**	(9,177)
Profits on the sale of investments in JVs	9	**-**	(92,912)
Gain on revaluation of investment properties	16	**-**	(5,221)
Other exceptional items	9	**-**	6,806
Depletion of biological assets	17	**15,210**	13,019
Amortisation of grants	25	**(1,822)**	(1,604)
Share of joint venture profits		**-**	(4,034)
Share of associate losses		**26**	362
Interest payable	11	**761**	2,458
Interest receivable	11	**(32)**	-
Other finance costs	11	**1,082**	1,501
Taxation	13	**2,906**	6,164
Movement in provisions for liabilities[1]		**755**	137
Difference between pension charge and cash contributions		**(4,226)**	(6,433)
Working capital movements:			
Decrease/(increase) in stock		**212**	(732)
Increase in debtors[2]		**(4,004)**	(1,081)
Increase/(decrease) in creditors[3]		**5,423**	(1,665)
Net cash inflow from operating activities before taxation paid		**85,397**	85,704

[1] *Excluding provision for replanting clear felled forest plantations, joint venture and associate undertakings and provision for deferred tax.*

[2] *Excluding capital grants receivable, corporation tax, amounts owed by joint venture/associate undertakings, forest plantations to be planted, deferred tax asset and the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income.*

[3] *Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.*

Notes to the Financial Statements

B. Net interest paid

	2019 €'000	2018 €'000
Interest payable (note 11)	**761**	2,458
Interest receivable (note 11)	**(32)**	-
Movement on interest accruals	**(18)**	216
	711	2,674

C. Analysis of movement in net debt

	Balance 1 Jan €'000	Cash Flows €'000	Balance 31 Dec €'000
Cash at bank	75,217	**18,300**	93,517
Loans	(89,292)	**(244)**	(89,536)
	(14,075)	**18,056**	**3,981**

D. Reconciliation of net cash flow to movement in net debt

	2019 €'000	2018 €'000
Increase in cash in the financial year	**18,300**	66,785
Cash (outflow)/inflow on bank loans	**(244)**	72,742
	18,056	139,527
Net debt at the beginning of the financial year	**(14,075)**	(153,602)
Cash/(net debt) at the end of the financial year	**3,981**	(14,075)

Notes to the Financial Statements

32. Note to Company Statement of Cash Flows

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

	Notes	2019 €'000	2018 €'000
Profit for the financial year		**45,438**	134,797
Adjustments for:			
Amortisation of intangible assets	15	**1,994**	1,719
Depreciation of tangible assets	16	**9,198**	9,027
Profit on disposals of tangible assets		**(12,137)**	(9,105)
Profit on sale of JV investments		**-**	(95,507)
Gain on revaluation of investment properties	16	**-**	(5,221)
Other exceptional items		**-**	6,806
Depletion of biological assets	17	**15,210**	13,019
Amortisation of grants	25	**(1,822)**	(1,539)
Interest payable		**748**	2,452
Interest receivable		**(20)**	-
Other finance costs		**1,049**	1,479
Taxation		**3,776**	4,370
Movement in provisions for liabilities[1]		**92**	(17)
Difference between pension charge and cash contributions		**(3,751)**	(5,299)
Working capital movements:			
(Increase)/decrease in stock		**(355)**	635
Increase in debtors[2]		**(4,013)**	(780)
Increase/(decrease) in creditors[3]		**3,047**	(3,115)
Net cash inflow from operating activities before taxation paid		**58,454**	53,721

[1] *Excluding provision for replanting clear felled forest plantations, joint venture and associate undertakings and provision for deferred tax.*

[2] *Excluding capital grants receivable, corporation tax, amounts owed by joint venture/associate undertakings, forest plantations to be planted, deferred tax asset and the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income.*

[3] *Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.*

Notes to the Financial Statements

33. Related Party Transactions

Group

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

In accordance with Paragraph 33.11 of FRS 102, the Group is exempt from disclosing related party transactions with another entity that is a related party because the Irish Government has control, joint control or significant influence over both the Group and that entity.

B. Key management compensation
The total key management compensation is disclosed in note 8.

Company

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

34. Post Balance Sheet Events

As discussed in the Chair's Statement and the Chief Executive's review, the Group is addressing the impact of the Covid-19 pandemic on the operations of the Group. As the outbreak is a non-adjusting post balance sheet event, there is no impact on the recognition and measurement of the Group's assets and liabilities as at 31 December 2019. There have been no other significant events since the end of the financial year.

35. Approval of Financial Statements

The Directors approved the financial statements on 30 March 2020.

Corporate Information

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General Counsel and Company Secretary

Grainne McLaughlin

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KPMG
Chartered Accountants & Registered Auditors

Bankers

Bank of Ireland
Ulster Bank
Allied Irish Banks
Rabobank Ireland
Danske Bank
European Investment Bank

Insurance Brokers

Marsh Ireland

Solicitors

Arthur Cox
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Print
neogen.ie

Cover:
300gsm Edixion Uncoated
with Silver Foil Block Finish

Text:
140gsm Edixion Uncoated

Edixion is FSC® Certified

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