

The Eighth Forestry Growth Plan Public
Limited Company

Reports and Financial Statements
for the period from
25 September 2009
to 31 December 2010

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

**REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010**

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THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Paul Brosnan MA BSc.

REGISTERED OFFICE

Eblana House
Eblana Avenue
Dun Laoghaire
Co. Dublin

AUDITORS

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

BANKERS

Ulster Bank Ireland Limited
27/35 Main Street
Blackrock
Co. Dublin

SOLICITORS

Lacy Walsh
77 Strand Road
Sandymount
Dublin 4

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

The directors present their first annual report together with the audited financial statements for the period from 25 September 2009 (date of incorporation) to 31 December 2010.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Eighth Forestry Growth Plan Public Limited Company was incorporated on 25 September 2009, as a twelve year investment fund, for the purpose of raising funds from the public to invest in semi-mature woodlands. The main activity of the company is to manage and maintain the woodlands and forestry assets of the company. All lands have been planted in accordance with the Plan's forestry management plans.

As forestry premia receivable from younger forestry properties will not be sufficient to cover management and other essential costs, a sinking fund equivalent to 5% of net funds raised has been created, as set out in the Offering Document of 15 October 2009, to fund the costs of general expenses for the next number of years until thinning income becomes available. All woodlands are being acquired in line with the Forest Management Plan which has been designed in congruence with the financial projections for the company.

The company raised €1,667,250 by way of redeemable equity preference share issue. Preliminary expenses which include commissions, share marketing costs and professional fees amounted to €101,880. The company purchased 405 acres at an average net cost of €3,129 per acre. These woodlands will be maintained for a period of twelve years, after which time they will be sold. Distributions will then be made tax free to the redeemable equity preference shareholders.

FUTURE DEVELOPMENTS

Irish forestry continues to benefit from the strengthening of prices for first and second stage thinning as a result of the increasing popularity of the bio-mass sector and also from the current export demand for processed sawnlog in the UK and France. The directors continue to monitor and research any suitable opportunities in these areas for the benefit of the company.

RESULTS FOR THE PERIOD

	Period from 25 September 2009 to 31 December 2010 €
Profit on ordinary activities before taxation	13,450
Taxation	(6,240)
Profit on ordinary activities after taxation	<u>7,210</u>

KEY PERFORMANCE INDICATORS

As the company's performance is primarily dependent on the value attributable to the biological growth of the forestry assets, the key performance indicator is largely dependent on the independent valuation placed on this forest growth. Forest growth is not recognised in the financial statements, but an independent valuation showed the forest growth was €35,984 for the period and has been calculated in accordance with standard forestry valuation procedures.

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

DIVIDENDS

The directors do not recommend payment of a dividend in respect of the period ended 31 December 2010.

POST BALANCE SHEET EVENTS

Since year end, the directors, having consulted the independent Forest Management Consultant, have rebalanced the company's forestry portfolio. This exercise has resulted in the acquisition, by the company of two forest plots from the Sixth Forestry Growth Plan plc totalling 21 acres and in recompense, the transference of two forest plots totalling 9.7 acres along with a payment of €32,535 (representing the difference in value) to the Sixth Forestry Growth Plan plc. Furthermore, the company acquired 48.3 acres of pre-existing forestry assets from the Second Forestry Investment Plan plc for a sum of €147,051, – the value of which was independently assessed by the Forest Management Consultant. This portfolio rebalancing was deemed to be more appropriate in order to better achieve the company's investment objectives and to ensure that the intrinsic value of the combined properties were maximised for the company.

DIRECTORS AND SECRETARY

The directors and secretary who held office during the period are listed on page 2. Under the Articles of Association the directors are not required to retire by rotation.

BOOKS OF ACCOUNT

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

RISKS AND UNCERTAINTIES

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

AUDITORS

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

Signed on behalf of the Board:

Paul Brosnan
Director

Trevor McHugh
Director

4 July 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

We have audited the financial statements of The Eighth Forestry Growth Plan Public Limited Company for the period from 25 September 2009 (date of incorporation) to 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

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Members of
Deloitte Touche Tohmatsu

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2010 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

12 July 2011

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

REVENUE RECOGNITION

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

TANGIBLE ASSETS

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

Land and forestry costs are not depreciated.

GRANTS

Capital grants receivable under Irish Government grant schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Grants in respect of afforestation costs which have been capitalised, are treated as deferred income and will be released to the profit and loss account when the related forests are clear felled.

FOREST GROWTH

Forest growth is not recognised in the financial statements.

PRELIMINARY EXPENSES

Preliminary expenses have been offset against share premium.

TAXATION

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

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

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

	<i>Notes</i>	Period from 25 September 2009 to 31 December 2010 €
INCOME	1	3,113
Administrative expenses		(8,474)
OPERATING LOSS		(5,361)
Interest receivable and similar income	2	18,811
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	13,450
Tax on profit on ordinary activities	5	(6,240)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,210

There are no recognised gains or losses other than the profit arising from continuing operations disclosed in the profit and loss account.

The financial statements were approved by the Board of Directors on 4 July 2011 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 DECEMBER 2010

	<i>Notes</i>	2010 €
FIXED ASSETS		
Tangible assets	6	1,299,544
CURRENT ASSETS		
Debtors	8	2,586
Cash at bank and in hand		342,160
		<u>344,746</u>
CREDITORS: (Amounts falling due within one year)	9	(29,244)
NET CURRENT ASSETS		<u>315,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,615,046</u>
Deferred credits	10	(32,466)
NET ASSETS		<u>1,582,580</u>
CAPITAL AND RESERVES		
Called-up share capital	11	12,223
Share premium account	12	1,563,147
Profit and loss account	12	7,210
		<u>1,582,580</u>
Equity		10,000
Non-equity		1,572,580
SHAREHOLDERS' FUNDS	13	<u>1,582,580</u>

The financial statements were approved by the Board of Directors on 4 July 2011 and signed on its behalf by:

Paul Brosnan
Director

Trevor McHugh
Director

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

	2010 €
Reconciliation of operating loss to net cash inflow from operating activities	
Operating loss	(5,361)
Increase in debtors	(2,586)
Increase in creditors	27,707
Net cash inflow from operating activities	<u>19,760</u>
Net cash inflow from operating activities	<u>19,760</u>
Returns on investments and servicing of finance	
Interest received	18,811
Taxation	
Corporation tax paid	(4,703)
Capital expenditure and financial investment	
Grants received – capitalised	32,466
Payments to acquire tangible fixed assets	(1,299,544)
Net cash outflow before financing activities	<u>(1,233,210)</u>
Financing activities	
Issue of ordinary share capital	10,000
Issue of preference share capital (net of expenses)	1,565,370
Increase in cash in the period	<u>342,160</u>
Reconciliation of net cash flow to movement in net funds	
Increase in cash in the period	342,160
Net funds at 25 September 2009	-
Net funds at 31 December 2010	<u>342,160</u>

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

1. INCOME

Premia income is receivable on an annual basis for the first 15 years, from date of planting, based on the land category and species planted.

Land acquired within The Eight Forestry Growth Plan comprises primarily semi-mature woodlands. Premia income may not be sufficient to cover management and other essential costs. Cashflow to fund general expenses and costs will emanate from the sinking fund as outlined in the Offering Document dated 15 October 2009 until thinning revenues come available. All woodlands are being acquired in line with the Forest Management Plan which has been designed in congruence with the financial projections for the company.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

Period from
25 September 2009
to 31 December 2010
€

Deposit interest receivable 18,811

3. PROFIT ON ORDINARY ACTIVITIES

Period from
25 September 2009
to 31 December 2010
€

Profit on ordinary activities before taxation
is stated after charging:

Directors' remuneration -

Auditor's remuneration disclosure (excluding Value Added Tax)

-Audit 3,500

-Tax advisory services 1,470

-Other assurance services -

- Other non audit services -

4. EMPLOYEES AND REMUNERATION

There were no employees during the period.

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Period from
25 September 2009
to 31 December 2010
€

(a) Analysis of the tax charge for the period:

The tax charge on the profit on ordinary activities for the period was as follows:-

Corporation tax on the profit for the period	6,240
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(b) Factors affecting the tax charge for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

Period from
25 September 2009
to 31 December 2010
€

Profit on ordinary activities before taxation	13,450
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Profit on ordinary activities multiplied by standard rate of tax in Ireland of 12.5%	1,681
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Effects of:

Loss from operation of woodlands not subject to corporation tax	670
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Surcharge on undistributed income	1,538
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Interest and other income subject to a rate of tax higher than the standard rate of tax	2,351
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Tax charge for the current period	6,240
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(c) Factors that may affect future tax charges

Based on current taxation legislation no corporation tax or deferred tax arises on the operating profit, because of the exemption of profits from the occupation of woodlands from corporation tax.

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

6.	TANGIBLE ASSETS	Land and Forestry €
	Cost:	
	At 25 September 2009	-
	Additions	1,299,544
	At 31 December 2010	<u>1,299,544</u>
	Net book values:	
	At 31 December 2010	<u>1,299,544</u>

At 31 December 2010, Land and forestry comprise land costs €1,267,078 and afforestation costs €32,466.

7. FOREST GROWTH

Forest growth during the period has been valued by an independent valuer at €35,984 in accordance with standard forestry valuation procedures. Forest growth is not included in the financial statements, which are prepared under the historical cost convention.

8.	DEBTORS: (Amounts falling due within one year)	2010 €
	VAT	2,110
	Prepayments and other debtors	476
		<u>2,586</u>

9.	CREDITORS: (Amounts falling due within one year)	2010 €
	Creditors and accruals	27,707
	Corporation tax	1,537
		<u>29,244</u>

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

10. DEFERRED CREDITS	2010
	€
Capital forestry grant:	
At 25 September 2009	-
Additions	32,466
At 31 December 2010	<u>32,466</u>

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

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

11. SHARE CAPITAL	2010
	€
Authorised:	
40,000 Ordinary shares of €1 each	40,000
2,667 Redeemable preference shares of €1 each	2,667
	<u>42,667</u>
Allotted, called-up and paid:	
40,000 Ordinary shares of €1 each (€0.25 paid)	10,000
2,223 Redeemable preference shares of €1 each fully paid	2,223
	<u>12,223</u>
Unpaid:	
40,000 Ordinary shares of €1 each (€0.75 unpaid)	30,000

The company issued 7 ordinary shares of €1 each (€0.25 paid up) on 25 September 2009, and 39,993 ordinary shares of €1 each (€0.25 paid up) on 6 October 2009. On 31 March 2010, the company issued 2,223 redeemable preference shares at a premium of €749 each.

Equity:

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

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

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

Non-Equity:

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

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

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

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

12. RESERVES

	Share premium €	Profit and loss €	Total €
Premium on issue of shares	1,665,027	-	1,665,027
Share issue costs	(101,880)	-	(101,880)
Retained profit for the financial period, attributable to equity shareholders	-	7,210	7,210
At 31 December 2010	<u>1,563,147</u>	<u>7,210</u>	<u>1,570,357</u>

Share issue costs comprise commissions (€66,690) and share marketing costs (€35,190).

13. SHAREHOLDERS' FUNDS

2010
€

Reconciliation of movements in shareholders' funds:

Proceeds of issue of equity shares	1,667,250
Costs of share issue written off to share premium account	(101,880)
Net proceeds of equity share issue	<u>1,565,370</u>
Net proceeds of non-equity share issue	10,000
Profit for the period	7,210
Net addition to shareholders' funds	<u><u>1,582,580</u></u>

14. RELATED PARTY TRANSACTIONS

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

1. €14,944 was charged to the company by I.F.S. Asset Managers Limited as capitalised forest management charges.
2. €4,684 is owed to I.F.S. Asset Managers Limited at 31 December 2010 for capitalised forest management charges.
3. €67 was charged to the company by I.F.S. Asset Managers Limited for forestry management charges and this amount is owed to I.F.S. as at 31 December 2010.
4. €33,345 was paid to I.F.S. Asset Managers Limited as share marketing costs on funds raised.
5. €66,000 was paid to I. F. S. Asset Managers Limited as commission on funds raised.
6. €800 was charged to the company and is due to I.F.S. Asset Managers Limited at 31 December 2010 for reimbursement for design, print, postage and stationery costs.

THE EIGHTH FORESTRY GROWTH PLAN PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 25 SEPTEMBER 2009 (DATE OF INCORPORATION)
TO 31 DECEMBER 2010

15. INTEREST IN SHARE CAPITAL

The directors and secretary of the company, who held office at 31 December 2010 had the following interests in the shares of the company:

	Number of Shares held at 31 December 2010 No.
Redeemable preference shares of €1 each fully paid:	
Paul Brosnan	1
Trevor McHugh	1
	<u> </u>

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