



CHALLENGE

OUR VISION

A NEW CONTRACT WITH NATURE



OUR VALUES

Resourceful

We live in an ever-evolving landscape. We feel that knowing when it is time to innovate and when it is time to consolidate is a core skill. We believe in adopting a curious mind and encouraging our team to explore all possibilities in our search for more efficient solutions. We believe nothing should be overlooked or wasted.

Engaging

We believe in our people. We believe in a One Team ethos driving our business forward. One team of experts, speaking in consistent voice and opening up dialogues with customers and communities on many different levels.

Respectful

We are proud of our past. Experience has taught us that only through a greater understanding of our natural resources can we seek to offer more sustainable solutions to all who engage with us. We listen to planet and people, in equal measure, for it is through a common appreciation of what is desired and what is possible that we will achieve real progress.

DELIVERING ON OUR COMMITMENTS

Three years ago we initiated a transformational programme for change in Bord na Móna with the adoption of our vision '**A New Contract with Nature**'. This vision contextualises our mission, objectives, strategy and values, setting out a clear sustainability path for the Group. It means that all of our business activities, both direct and supporting, will become increasingly sustainable, from an environmental and social perspective, whilst continuing to yield profit. This drives demand for innovative solutions to the sustainability challenges facing the current activities of each of our operating business units, and also acts as a necessary filter for screening new business development opportunities to ensure ultimate strategic fit.

The objectives that we have set out provide a clear road map for growth for Bord na Móna and although we have faced many challenges since embarking on this journey, we believe that the competent performance that the Group has consistently delivered year-on-year, despite these challenging economic conditions, will create a platform for growth as the global economy regains momentum.

GROUP PERFORMANCE INDICATORS

Financial Summary

	2010/2011 €'000	2009/2010 €'000
Turnover	382,069	384,417
Earnings before interest, tax, depreciation and amortisation (EBITDA)	72,749	64,611
Operating profit	24,458	23,038
Profit before tax	16,727	12,899
Profit after tax	12,920	10,462
Shareholders' funds	231,390	224,408
Net debt	64,653	57,065

Ratios

	2010/2011	2009/2010
Operating profit/turnover	6.4%	6.0%
Gross return on net capital employed	7.9%	7.5%
Debt/Equity	28%	25%
EBITDA/Interest cover (times)	7.3	8.1
Current ratio (times)	1.7	1.6

	2010/2011	2009/2010
Payroll costs €'000 (gross of employers' pension costs) ¹	115,897	110,229
Payroll costs €'000 (net of employers' pension costs) ¹	112,144	105,802
Numbers employed at peak	2,332	2,380
Average employment numbers	2,122	2,136

¹ Payroll costs increased in 2010/11 mainly due to the significant increase in the peat harvest, yielding 4.8 million tonnes compared to 2.6 million tonnes in the previous year.

Turnover

	2010/2011 €million	2009/2010 €million
Feedstock	69.5	67.0
Powergen	60.5	59.3
Resource Recovery	56.2	50.4
Environmental & other	13.6	17.7
Horticulture	52.4	49.2
Fuels	129.9	140.7
	382.1	384.4

Production Statistics

	2010/2011 '000	2009/2010 '000
Milled peat (tonnes)	4,812	2,598
Horticultural peat products (cubic metres)	1,874	1,796
Briquettes (tonnes)	238	238

PLANET PEOPLE PROFIT

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4 PILLARS OF OUR FUTURE

The challenges we face to deliver on our ambitious strategy for growth will require value-driven change and innovation throughout all parts of the business. Our road map to achieve this is defined in the **4 pillars of our future**.

This is entirely consistent with our corporate vision '**A New Contract with Nature**' which means that all of our business activities, both direct and supporting, will progressively become increasingly sustainable from an environmental and social point of view while continuing to yield perennial profits.

1. Renewable Energy

- Wind energy
- Biomass

Challenges:

- Wind connectivity
- Biomass availability
- Energy demand

2. Resource Recovery

- Diversion from landfill
- Industry leader in customer satisfaction
- Waste to energy
- Composting

Challenges:

- National Waste policy
- Landfill levy
- Declining waste volumes
- Fragmented market
- Growing consumer demand for value

**DELIVERING CHANGE
THROUGH INNOVATION**

3. Environmental

- Restructuring for growth
- Geographic expansion
- Product development

Challenges:

- Construction downturn
- Regulation/legislation

4. Retail Businesses

- Peat dilution
- Delivery on sustainable product development
- Geographic expansion
- Customer and market focused

Challenges:

- Carbon tax
- Sustainability
- Availability of non-peat diluents
- Growing consumer demand for value

**TO PROGRESS WILL INEVITABLY REQUIRE MEETING AND OVERCOMING CHALLENGES.
THE CHANGE NEEDED WILL BE DRIVEN BY NEW THINKING, NEW PLANNING, NEW DOING.**

Meeting the Challenge

It is with great pleasure that I present my annual report as Chairman of Bord na Móna plc. The current business environment presents significant challenges to all organisations and Bord na Móna is facing these challenges in a robust and resolute manner. The year 2010/2011 was one of continuing strong performance in the company, notwithstanding the challenges faced.

The Group delivered sound financial performance and made further strides in implementing its strategic growth and development initiatives across all our business areas, particularly in Feedstock and Powergen. At the same time, we continued to focus on maximising returns from traditional businesses.

In the year ended March 2011, Bord na Móna took a number of significant steps in progressing our vision for the Group, including:

- **Bringing into commercial operation the 116 MW peaking plant installation at Edenderry**
- **Obtaining planning permission for the construction of two major wind farms; 80 MW at Mount Lucas, Co Offaly, and 40 MW at Bruckana on the borders of Laois, Tipperary and Kilkenny**
- **Concluding a joint venture agreement with ESB for the development of the initial phase of a wind farm at Oweninny, Co Mayo, providing a further 172 MW**
- **Expansion of our programme to use biomass to generate electricity using 130,000 tonnes of mixed biomass in the year**
- **Launch of Growise growing media range**
- **Launch of FireMagic FireMaker ignition product**

- **Completion of a Strategic Land Use Framework to enable decisions to be made on the future development of our land**
- **Publication of Bord na Móna's 'Biodiversity Action Plan 2010-2015', setting out projects and activities designed to enhance biodiversity on the company's lands**

The financial results showed turnover at €382.1 million for 2010/2011, down €2.3 million on 2009/2010. The Feedstock business achieved an excellent peat harvest, assisted by favourable weather. However, extremely cold weather in the early part of the winter partly affected our ability to deliver peat for energy generation. Resource Recovery continues to experience the effects of the general downturn in economic activity, particularly in the construction and retail sectors.

The Fuels business encountered a mixed trading performance with an excellent start to the winter season buoyed by cold weather, however the second half of the winter season was poor due to a combination of unseasonably mild weather and the impact of the economic downturn on disposable incomes. On the positive side, Powergen delivered an excellent performance, as did Horticulture.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) was €72.7 million, up €8.1 million on 2009/2010. The operating profit for the year, at €24.5 million, was €1.4 million up on the previous year. Profit before tax in 2010/2011 at €16.7 million, compares with €12.9 million for 2009/2010 and profit after tax in 2010/2011 at €12.9 million compares with €10.5 million in 2009/2010.

In view of the significant challenges faced by the businesses, the Board decided that increases in employee pay would be inappropriate and have agreed to hold pay at current levels. This matter was the subject of a Labour Court recommendation which is being considered by the Board. The Board have requested management to enter into discussions with the Group of Unions.

The situation regarding the General Employee Superannuation Scheme, one of the defined benefit pension schemes, currently operated by Bord na Móna continues to be a matter of concern to the Board. The Group's approach is to reform the current arrangements, as appropriate, in order to balance the interests of the Group and of the employees and pensioners.



The Board continues to prioritise corporate governance, based on best practice, emerging regulation and trends. Developments during the year included the adoption of a revised process for considering all significant investments by the Board and the Directors. The Directors availed of a specific training course on the methodologies involved. We also introduced a Good Faith Reporting procedure in line with best practice. To reflect the Board's particular responsibility to safeguard the Company's assets, we have adopted an additional review process to strengthen our considerations in this regard. The Board is satisfied that the Group has an appropriate and responsive system of internal controls to mitigate significant risks, which keeps exposures at an acceptable level and ensures that Bord na Móna has an effective approach to corporate governance.

The Group also continues to deliver value to its shareholders and paid a dividend of €3.5 million during the year, with €3.3 million paid to the State and €0.2 million paid to the Employee Share Ownership Plan (ESOP).

I would like to thank my Board colleagues for their commitment and support during the past year. I would like to congratulate Paddy Fox and Paudge Bennett, both of whom were elected under the

Worker Participation Acts and who were re-appointed to the Board with effect from January 2011. I would also like to congratulate Pat McEvoy and Colm Ó Gógáin who were also elected at that time and were appointed to the Board with effect from January 2011. Pat Kane and Paddy Rowland stood down as directors during the year and Conor Skehan stood down on 6 April 2011, all having made valuable contributions to Bord na Móna during their terms on the Board.

I would also like to take this opportunity to express my sincere thanks to Gabriel D'Arcy, the Group's Managing Director and to the management team he leads. I thank Gabriel and his colleagues and all our employees for their dedication and hard work in delivering another year of progress for the Group, despite the challenges which emerged.

I would like to thank the Minister for Communications, Energy and Natural Resources, Mr. Pat Rabbitte T.D., for his ongoing support for Bord na Móna and also his predecessor, Mr. Eamon Ryan T.D. I also express my appreciation to Mr. Aidan Dunning, Secretary General of the Department, Ms. Sara White, Deputy Secretary General and the other officers of the Department for their interest and advice.

During the year, the Group made a submission to the Review Group on State Assets, chaired by Dr. Colm McCarthy and notes that the McCarthy report is being considered by Government in the context of its Programme for Government. The Group look forward to the outcome of this consideration in due course.

The Board is pleased to report continuing progress in the implementation of the strategy for Bord na Móna. The Group continues to demonstrate that it can meet the challenges it faces and implement the changes required to remain sustainable into the future. Bord na Móna is increasingly playing its part in Ireland's sustainable future with environmentally friendly policies in energy, water, resource recovery and enhancement of biodiversity.

We are confident that our Group's strengths, allied to delivery of the Group's proven diversification strategy, will ensure a successful and vibrant future for the Group and enhance the interests of shareholders, management and employees. The Board's role is to provide the environment and resources which will enable the achievement of the strategy and the directors are fully committed to a successful implementation of the strategy.

Fergus McArdle
Chairman
23 June 2011

Managing Change

Ireland is currently going through an exceptionally challenging period and at Bord na Móna we see it as our duty to play a leadership role in shaping a better future. There can be no doubt that this will be driven by an innovation and sustainability agenda which is at the core of our organisation's vision 'A New Contract with Nature'.

The one thing that comes with this is the constant need to change. Markets change. Economic conditions change. Businesses change. People change. Governments change. Change is something that we have constantly embraced at Bord na Móna and our ability to adapt to change is a key reason why we are one of a minority of global companies who have survived for the last 75 years.

Over the past 12 months we have faced many challenges including an unprecedented cold winter where temperatures of -16°C created significant problems for distribution in our Feedstock and Retail businesses. I am proud of the Bord na Móna employees who persevered to ensure that we did not disappoint our customers during this difficult period. Our people remained focused on our strategy to drive sustainable and profitable market growth. Significant progress was made on our 'Strategy for Growth' for our combined Horticulture and Fuels businesses, presenting us with real opportunities to build on our current businesses in Ireland, the UK and Mainland Europe.

Business Round – Up

Feedstock

2010 provided us with a bumper peat harvest in our Feedstock business with production of 4.8 million tonnes. Despite the extreme weather conditions, during the peak winter period, we exceeded the sales target for the year. A continuous programme of cost reduction and improved efficiencies was progressed throughout the year. This is crucial to the longer term sustainability of this activity in an increasingly competitive business.

We made significant strides in sourcing and supplying biomass during the year therefore delivering on our sustainability agenda with over 130,000 tonnes of peat displaced with carbon-neutral alternatives. This represents 13.5% dilution and puts us ahead of our plan to achieve 30% co-firing by 2015/2016.

Powergen

The Edenderry power station had a planned overhaul of the steam turbine in summer 2010 resulting in reduced output for the year. Co-firing with biomass increased from 7.8% to 13.5% in 2010/2011 resulting in significantly reduced carbon

emissions from the plant. We completed the commissioning and testing of a new 116 MW peaking plant in September 2010 and this provided much needed back up capacity to the grid during the harsh winter months when wind output was low.

Significant progress was made in developing our wind farm projects during the year. Planning consent was received for our wind farm developments at Mount Lucas, Co. Offaly (80 MW) and at Bruckana, Co. Tipperary (40 MW). Grid connection offers have also been received for these farms under the Gate 3 process. We also received grid connection offers for all phases of the large scale wind farm at Oweninny, Co. Mayo (370 MW), the first 172 MW of which will be completed in joint venture with ESB.

The progress made on both co-firing and wind farm developments are part of our journey toward being a leading renewable energy provider, providing up to 800 MW of capacity by 2020. By 2015 the target is to have over 50% of our portfolio from renewable sources which would provide power to over 90,000 homes annually.



Significant progress was made on our 'Strategy for Growth' for our combined Horticulture and Fuels businesses presenting us with real opportunities to build on our current businesses in Ireland, UK and Mainland Europe.

Resource Recovery

Resource Recovery experienced volume growth in our collection, treatment and disposal operations during the year despite an overall continued downturn in waste arisings. Market volume decline was at a lower rate than in 2010. The collection market remains highly fragmented and combined with the reduced market demand these factors have impacted negatively on margin.

We increased the roll out of our organic brown bin to domestic and commercial customers as part of our landfill diversion strategy. This will form part of our national solution to the EU Landfill Directive targets. This will be supported by the construction of a 25,000 tonnes/annum brown bin composting facility which along with our existing green waste composting site will allow us to provide a full range of organic waste treatments.

We continue to provide innovative and value solutions to our customers through investment in radio frequency identification (RFID) technology, mobile phone SMS messaging and on-line transaction capability. This will ensure that we can tailor our product and service offerings to a growing customer base.

Environmental

The primary focus in our Environmental business during the year was the reorganisation of the business to meet longer term growth ambitions. This has resulted in a stronger customer and market orientation in both our European and North American geographies. These businesses are committed to progressing sustainability by providing environmentally friendly clean air and treated waste water solutions.

A key focus during the year was the consolidating of our UK operations into a single site location in Bridgewater, Somerset. This facility was formally opened in May 2011 and the incorporation of lean manufacturing principles will position the business to meet the challenging demands impacting the construction sector.

The North American business had a difficult year due to the significant downturn in the housing market. The expansion of our product portfolio and distribution network will give us the necessary platform to generate growth in the coming year. We have a number of pilot plants in place for our odour technology which should convert to commercial applications in the near term.



Horticulture

The business achieved sales growth of 6.5% during the year in a highly challenging and competitive marketplace. The sales of professional growing media into the European market were strong and the expansion of the Growise brand in both Ireland and the UK resulted in market share growth.

The most significant challenge to the business is the peat dilution agenda in the UK. Our current dilution strategy is to maximise the production of green compost through our production facility in Kilberry, Co. Kildare. Our innovation team works in tandem with the Resource Recovery business to continue to find suitable raw materials. We are also collaborating with other suppliers to ensure that we can meet the market requirements of our customers. This fits with our goal of developing a sustainable business solution for our Horticulture business.

Fuels

2010/2011 was a difficult year for our Fuels business. Briquette sales volumes were down 17% impacted by the availability of privately harvested turf and increasing availability of wood products. Coal volumes also suffered as cheaper imports entered the market. The exceptionally mild last quarter of the financial year also impacted adversely on results.

The biggest challenge facing all of us operating in the retail environment is the changing attitudes of the consumer. The economic downturn is impacting behaviour and consumers are constantly seeking out value solutions to their

everyday needs. This is particularly the case in a basic need category such as home heating. We are developing marketing and product development plans to address these issues.

Despite the difficulties attached to our bulk products we recorded growth in our convenience range driven by the launch of an innovative new product – FireMagic FireMaker. Manufactured from recycled materials this product forms the perfect fire and offers a sustainable alternative to the traditional firelighter.

Land and Property

The objective of the Land and Property business unit is to generate commercial, environmental and social value from these key assets. During the year a review was carried out of the Group's extensive land holding. We have now developed a 'Strategic Framework for the Future Use of Peatlands' which will guide future decision making in relation to potential future uses and developments on our cutaway bogs.

Lough Boora Parklands was shortlisted for the EDEN (European Destinations of Excellence) tourism award 2011 and a feasibility study was completed on the potential of Lough Boora to be developed as an eco tourism destination of national and international significance. Good progress was made in relation to biodiversity including the launch of our Biodiversity Action Plan which will guide the organisation over the next five years in relation to biodiversity. We also advanced the programme of work to carry out a baseline biodiversity survey of our bogs.

Water Project

The Dublin and Midlands water supply project has progressed to a stage where a recommended new source option has been declared following a strategic environmental assessment. The regulated abstraction of water from upper Lough Derg facilitated by interim storage and treatment at the Bord na Móna Garryhinch site in Co. Offaly, has been deemed to be the most environmentally and economically sustainable option. It proposes the establishment of an eco-park at this new facility which will supplement existing midland tourism. Bord na Móna has actively engaged with Dublin City Council with a view to delivering this key infrastructural project.

Bord na Móna, given its proven track record in the design and delivery of major infrastructural projects, coupled with its diversity of operational competencies, has expressed its willingness and desire to take on the role of Irish Water as set out in the Programme for Government and currently being assessed by the Department of Environment, Community and Local Government under the terms of the EU/IMF Programme of Financial Support for Ireland.

Operational and Financial Review

Summary of the key Group financial results for the past three years:

	2010/2011 €'000	2009/2010 €'000	2008/2009 €'000
Turnover	382,069	384,417	401,567
% change	-0.6	-4.3	+8.2
EBITDA	72,749	64,611	57,256
% change	+12.6	+12.8	+9.9
Profit before tax	16,727	12,899	19,520
% change	+29.7	-33.9	-1.5
Shareholders' funds	231,390	224,408	198,558
% change	+3.1	+13.0	-15.2

CHANGE

FROM PEAT TO BIOMASS

FEEDSTOCK

The Feedstock business supplies peat and biomass materials for the generation of electricity in the Bord na Móna owned power station at Edenderry and to ESB power stations at West Offaly Power and Lough Ree Power. The Feedstock business also has other key internal customers across the Group's Fuels, Horticulture and Environmental businesses, supplying peat for briquette manufacture, growing media and peat filtration for clean water products.

Achievements 2010/2011

Winner of the Social Responsibility Award at the 2010 Published Account Awards for our Sustainability Report (Leinster Society of Chartered Accountants)



The sourcing and supply of biomass products for use in co-firing with peat forms the cornerstone of our sustainability agenda and supports Bord na Móna's vision 'A New Contract with Nature'.

Results

Feedstock experienced a very good production season in 2010. Diligent preparation and modification to production systems enabled the business to take full advantage of favourable weather conditions and commence harvesting operations in mid April 2010. By the end of the season, 132% of the production target was achieved (4.8 million tonnes of peat). The high quality peat produced in 2010 also enabled the business to optimise revenue. Exceptionally low temperatures of -16°C experienced for prolonged periods during December 2010 caused extreme difficulties in the rail and road transportation of peat and biomass to our customers. Despite this, Feedstock employees worked under very difficult conditions to ensure that supplies were maintained at all times. Sales of peat and biomass achieved 105% of target. This production and sales performance contributed to a strong financial result for the Feedstock business for the year.

Competition

Feedstock management are continuing to aggressively pursue increased efficiencies and cost reductions in order to reduce prices to our customers, who operate in an increasingly competitive business environment.

Sustainability

The sourcing and supply of biomass products for use in co-firing with peat forms the cornerstone of our sustainability agenda and supports Bord na Móna's vision 'A New Contract with Nature'. In the past year over 130,000 tonnes of peat were displaced with carbon-neutral materials. This represented

13.5% dilution of peat, ahead of targeted annual dilution. The business intends to supply biomass to enable 30% co-firing of peat and biomass in Edenderry power station by 2015/2016 and in excess of 50% in the years thereafter.

We now recycle all of the polythene film that is used to protect our peat stocks from re-wetting and storm damage. Decommissioning of bogs that have ceased in milled peat production is ongoing. This facilitates the rehabilitation process of these bog areas. Details of Bord na Móna's rehabilitation plans and processes are outlined in Bord na Móna's Biodiversity Action Plan published in 2010.

Innovation

The continuous drive to reduce prices to customers, improve product quality and minimise our impact on the environment, through improved technology and work systems, are central to Feedstock's innovation programme. Work is currently focused on the development of peat milling machines with lower energy use and lower maintenance costs. Reduced generation of peat dust in dust sensitive areas is also a priority.

Research and development work continues on the establishment, husbandry, harvesting, transportation and use of large scale bio-energy crops such as willow and miscanthus. This project has significant potential in terms of job and wealth creation for the Irish economy. Bord na Móna intends to become the leader in bio-energy crop development and growth in Ireland.



CHANGE

FROM CONVENTIONAL
TO RENEWABLE

POWERGEN

Powergen manages and operates Bord na Móna's existing power generation assets, including the Edenderry power station, the Cushaling peaking plant and the Bellacorick wind farm. The business also has developmental projects at different stages of maturity that will add substantially to the business' electricity generating capacity over the next decade.

Achievements 2010/2011

Ranked in the **top 10** among indigenous Irish companies in the Corporate Reputations Ranking (The Reputation Institute). Ranked as the number 1 energy company in Ireland.



Co-firing with biomass at Edenderry power station is a key component of our decarbonisation agenda and we commenced an assessment of the additional infrastructure required to support the future biomass feedstock volumes.

Results

The business had a successful year with a turnover of €60.5 million. The Edenderry power station had a prolonged scheduled outage during the summer of 2010, which resulted in reduced output from the plant. This scheduled maintenance facilitated an overhaul of the unit's steam turbine. Co-firing with biomass at Edenderry increased from 7.8% in the previous financial year to 13.5% in 2010/2011, resulting in a significant reduction in CO₂ emissions.

The new 116 MW Cushing peaking plant in Co. Offaly was commissioned ahead of schedule in September 2010. It provided a significant level of capacity and power system support during the harsh winter of 2010/2011, when wind output across the country was low.

Powergen received planning consent for its wind farm developments at Mountlucas, Co. Offaly (80 MW) and at Bruckana, Co. Tipperary (40 MW). Grid connection offers were also received from the System Operators, under the Gate 3 connection offer process. The first 172 MW of the large-scale Oweninny wind farm in Co. Mayo will be a joint venture with ESB. Grid connection offers were also received for all phases of this project in 2010/2011.

Competition

Powergen operates in the wholesale electricity market and does not at present have any retail presence in the Single Electricity Market (SEM). Both the Edenderry power station and Bellacorick wind farm qualify for priority dispatch on the grid in support of the Government's energy policy of supply security and reducing import dependency.

Capacity requirements in the market have reduced due to the economic downturn but ancillary service requirements, such as those provided by the Cushing peaking plant, continue to grow because of increased penetration of intermittent renewables onto the power system. All generating units in the portfolio performed well during 2010/2011.

Sustainability

Powergen's overall strategic intent is to build a diversified portfolio of generating assets, whilst decarbonising the electrical power produced. Co-firing with carbon-neutral biomass at Edenderry power station increased to 124,000 tonnes during the year, representing an increase of 53% on 2009/2010. We remain on track to achieve our 2016 and 2020 co-firing targets.

Co-firing with biomass at Edenderry power station is a key component of our decarbonisation agenda and we commenced an assessment of the additional infrastructure required to support the future biomass feedstock volumes.

Expanding wind capacity is another key component of our decarbonisation agenda. With planning consent and grid connection offers received for the Mountlucas and Bruckana wind farms and the tender process for the major components of both wind farms well advanced, it is anticipated that all investment and procurement approvals for both projects will be achieved in 2011/2012, allowing construction to proceed. The Oweninny wind farm, which originally obtained planning consent in 2003, will progress in a joint venture with



ESB Wind. While the first 172 MW of the project may be delivered by 2015 the pace of delivery will be dependent on the upgrade of the electricity network.

Innovation

Powergen continues to invest in perfecting our modelling and profiling of the SEM. Powergen also contributed to the Electricity Research Centre at University College Dublin and the new Strategic Research Cluster. These will carry out pioneering research into the integration of intermittent sources of renewable electricity, such as wind and ocean energy, onto the grid, as part of a sustainable power system.

Powergen is also researching the possibility of developing significant on-shore wind capabilities on cutaway bogs, as part of the development of a clean energy hub.

CHANGE

FROM LANDFILL
TO RECOVERY
AND RE-USE

RESOURCE RECOVERY

Resource Recovery is an integrated waste management company providing collection, recovery, recycling, treatment and disposal services. Our waste collection services operate under the AES brand, providing domestic waste management throughout the Midlands, South East and Mid West regions and commercial waste management nationwide. Our focus is on delivering exceptional customer service and maximising the re-use potential of managed waste materials. Where possible, we retain waste materials within the broader Bord na Móna Group as raw material for Horticulture and Powergen.

Achievements 2010/2011

Lough Boora Parklands was **short-listed** to the final 3 entrants for the European Destination of Excellence Award (Fáilte Ireland)



An increase from 53.5% to 57.0% in waste materials diverted from landfill was achieved. Providing facilities for increased source segregation of waste materials and finding energy recovery (refuse derived fuel) outlets for un-segregated commercial wastes supported this increase.

Results

Turnover for the year was €56.5 million. Commercial and domestic managed waste volumes increased, as did volumes to the treatment and disposal facilities from third party waste management companies. Key commercial markets such as retail, construction and manufacturing remain difficult, with continuing reductions in activity and waste arisings.

The domestic business grew strongly in terms of household numbers served. The average yield per domestic customer declined as the business continued to roll out service options that allow householders to minimise domestic waste costs by diverting from residual waste towards lower cost recyclable, organic and glass collection options.

Recovered waste material prices for commodities such as cardboard, plastics and metals reached record highs. Cost savings from increased diversion of material from landfill and investments in transport network planning and optimisation have allowed the business to be competitive in domestic and commercial markets.

Competitiveness

The outlook for the waste management industry remains challenging. Reduced demand and a highly fragmented supply base continue to impact negatively on prices and margins. This fragmentation can act as an impediment to overall cost reduction, as overlapping collection networks and sub-scale waste treatment facilities endure. Meanwhile, the industry must meet the challenge of developing infrastructure to reach Ireland's national waste policy objectives and deliver best environmental outcomes.

Resource Recovery has continued to address these issues by managing its cost base and ensuring that maximum economic value is achieved for managed waste materials. We continue to see opportunities to invest in waste treatment infrastructure, in particular, through the development of a large-scale plant for mechanical separation of wastes together with bio-stabilisation of the organic waste fraction.

Sustainability

In 2010/2011 we accelerated the rollout of the domestic and commercial organic brown bin service. Source segregation and separate collection of food and other organic wastes results in reduced contamination and the potential for more valuable re-use opportunities. To date, 70% of our domestic customers have access to separate brown bin collections. Of these, 56% are regular users of the service.

An increase from 53.5% to 57.0% in waste materials diverted from landfill was achieved. Providing facilities for increased source segregation of waste materials and finding energy recovery (refuse derived fuel) outlets for un-segregated commercial wastes supported this increase.

Innovation

In a commoditised market where price is the key point of differentiation, creating product differentiation through innovation is critical to future success. Product innovation will focus on understanding and servicing customers' needs while leveraging our knowledge of customer behaviour, enabled by radio frequency identification (RFID) technology. Our new website, www.aesirl.ie, launched in September 2010, has improved how we engage with our customers online. Future developments to the site will also enable customers to self serve.



Construction is underway on our 25,000 tonnes/annum brown bin composting facility at Drehid, Co. Kildare. Completion of the facility in late 2011, together with the green waste composting facility in Kilberry, Co. Kildare, will allow us to provide a full range of organic waste treatments.

CHANGE

FROM LOCAL TO INTERNATIONAL

ENVIRONMENTAL

The Environmental business is a leading solutions provider with a proven track record in the design, manufacture and installation of a wide portfolio of differentiated clean-tech technologies that deliver clean air and clean water solutions around the globe. Environmental operates across four key market sectors: residential, commercial, municipal/utilities and industrial in Europe and North America.

Achievements 2010/2011

Winner of the Best Use of Technology in Procurement at the inaugural Procurement Awards 2010 (The Procurement and Supply Management Institute)



Bord na Móna is evaluating technologies to meet the need for nutrient removal, particularly phosphorous, from waste water streams, recovering phosphorous predominantly for use in the fertiliser industry.

ENVIRONMENTAL EUROPE

Results

Market conditions across Europe were difficult in 2010/2011 due to the economic downturn.

Growth opportunities in Ireland remained depressed however, significant reductions in fixed overhead costs will help to retain competitiveness and position the business to avail of opportunities.

Despite market decline in the UK, the water business performed steadily, resulting in increased market share in the wastewater sector. Increased sales were achieved by changing the focus from products to customers and restructuring to meet the requirements of the existing and new customer.

The business established a new hub for its European operations in the UK to position itself to take advantage of opportunities in the UK and in other European countries such as France, Spain and Italy.

Competition

Due to economic pressures, consumers, businesses and utilities have been lengthening sales cycles and reducing discretionary expenditure. This has impacted directly on the development cycles for new wastewater and odour treatment facilities. Work has been ongoing in establishing a product pipeline to capitalise on future business opportunities.

Environmental Europe has also introduced lean manufacturing principles to its operations facilities, making the business more competitive and positioning itself for future growth.

ENVIRONMENTAL NORTH AMERICA

Results

Market share has been maintained in the residential Puraflo market through expansion in target states, despite the erosion of the historic legislative advantage in Virginia which significantly reduced the revenue derived from this state.

The business invested in the design, build, operate and municipal segments by launching six products. We also successfully expanded the distribution network by recruiting three new channel partners in the commercial/developer sector and thirteen manufacturers' representatives to support access to the US municipal markets.

Competition

As the business has seen in the European market, revenues have been slower than expected with the economic downturn reducing the discretionary spend on odour treatment facilities.

The business has traditionally operated in the high value end of the residential wastewater market. This sector has been affected by the economic downturn with consumers of wastewater treatment products moving to lower value solutions. Environmental North America responded by introducing lower cost aerobic treatment units in early 2011.

Sustainability

Environmental has a sustainability agenda to provide clean air and clean water solutions. The business works with research partners and engages in market trawl to expand on service solutions.



Measures taken include the implementation of regulations, certification and codes relating to water saving technology products, grey water recycling and rainwater harvesting initiatives, such as the Code of Sustainable Homes (UK). The business has achieved CEN (Comite Européen de Normalisation – European Committee for Standardisation) certification for its wastewater treatment products.

Innovation

The innovation agenda is driven by the increasing requirement for environmentally sustainable technologies for the treatment of wastewater, air and odour. Innovation in new business models and in strengthening our customer service capabilities is also key to the success of the business.

Projects include the development of energy neutral wastewater treatment products due for completion by the end of 2011. Work is currently underway on the testing of a grey water recycling prototype system.

Bord na Móna is evaluating technologies to meet the need for nutrient removal, particularly phosphorous from waste water streams, recovering phosphorous predominantly for use in the fertiliser industry.

CHANGE

FROM PEAT TO PEAT FREE

HORTICULTURE

Bord na Móna's Horticulture business supplies peat and non-peat based products to the retail and professional markets in Ireland, the UK and internationally. The range includes growing media and decorative products for general gardeners and gardening enthusiasts, supplied through the Growise, Shamrock¹ and private-label brands in Ireland and the UK. Milled peat, graded peat and ready mixed growing media are supplied to the professional industry in all our markets.

Achievements 2010/2011

Winner of a National University of Ireland Galway Alumni Award for the achievements of our CEO Gabriel D'Arcy (NUIG)



The business will continue to drive peat dilution in line with the marketplace requirements and in partnership with our major customers.

Results

The business performed strongly in 2010/2011 in a highly competitive marketplace, achieving a turnover of €52.4 million. Growth was achieved in both the volume and value of sales. The key driver of both was the European export market, where demand was strong in the professional sector. Performance in the UK retail market was in line with the previous year and strong growth was recorded in the Irish retail market driven by the successful launch of the Growise brand. The business endured persistent pressure on margins particularly as a result of increased freight costs.

Competition

Both the retail and professional markets remain very competitive. Our major retail market in the UK is oversupplied and pricing pressure is evident, as suppliers seek to maximise utilisation of equipment and available raw materials. The market in the UK is changing. Brands share of the market is growing at the expense of retailer own-label products. Bord na Móna is responding to this trend by introducing Growise to the UK retail market. The European professional business is price sensitive and has a diverse sourcing base, which includes indigenous sourced material and product sourced in the Baltic peat-producing countries.

Innovation

The launch of Growise in Ireland has been a significant driver of growth in the retail market and it has established itself as a brand of substance. Innovative sponsorship of 'Super Garden' on RTÉ television and 'Bloom' garden festival over the June Bank Holiday were fundamental to its establishment as a brand. Towards the end of the year Growise was launched in the UK independent garden centre market. The brand also secured a seasonal listing at B&Q. With Growise and Shamrock¹, Bord na Móna is well placed to grow its branded share of the Irish and UK markets.

Sustainability

There is a significant peat dilution agenda in the UK. A target has been set for 2020, whereby all retail sales of growing media and decorative products will be peat free. Bord na Móna's peat dilution strategy is based on green compost produced at the Kilberry facility in Co. Kildare. The constituents of green compost are evolving, as our Resource Recovery business sources an increasingly diverse range of raw materials suitable for composting and rich in plant nutrients from the food industry.

The business will continue to drive peat dilution in line with the marketplace requirements and in partnership with our major customers. In tandem with raw material development, we are evolving packaging to a more sustainable base, through configuration of pack sizes and shapes and the incorporation of recycled plastic materials.

¹ Shamrock – The Shamrock brand is licensed to Bord na Móna by The Scotts Miracle-Gro Company.



CHANGE

FROM TRADITIONAL
TO SUSTAINABLE

FUELS

The Fuels business manufactures and markets peat briquettes, imports and distributes coal to the retail market, and operates a regional oil distribution business. Brands include Bord na Móna Peat Briquettes, Suttons Oil, Suttons Coal and Black Diamond Coal. Additionally, the business manufactures and distributes a range of convenience products, including the award-winning FireMagic FireMaker, Firepak, Firelog and Firelighters products. The range of products supplied to the market includes smokeless and bituminous offerings and all products are low sulphur.

Achievements 2010/2011

Winner of the award for Marketing Innovation at the All-Ireland Marketing Awards 2011 for the FireMagic FireMaker (The Marketing Institute)



New products launched to the market - FireMagic FireMaker, Eco Kindling and Cleanstart - demonstrate our commitment to developing and extending the range of products in the fuel market.

Results

The market for fuel products in 2010/2011 was challenging, with unseasonably mild weather in the last quarter, increased availability of discounted competing products, and general consumer austerity contributing negatively to the result for the year. This resulted in a decrease in briquette and coal volumes on the previous year, with briquette volumes being significantly affected as privately harvested turf impacted on demand. Oil sales showed nominal growth in the year.

Encouragingly, the Fuels portfolio of newer convenience fuel products performed well, resulting in 70% growth on the previous year. The declining performance of the convenience range of ignition and fuel products in the previous year slowed significantly, illustrating a continued consumer interest in convenience and environmentally friendly solutions.

Competition

The market for fuel products is intensely competitive. Cheaper imported coals, increased availability of privately harvested turf and timber following the mild summer of 2010, general consumer austerity resulting from decreased disposable income, all contributed to a very challenging market. Consumers are seeking value and the Fuels business is responding with a segmentation strategy to ensure it is competing effectively in the market. To support this strategy, it has diversified its sourcing base for coal, providing greater options to supply a competitive range.

Sustainability

The launch of FireMagic Firemaker in 2010/2011 was a significant step for the Fuels business and is in line with its previously defined sustainability agenda. FireMagic FireMaker is manufactured from recycled materials. It is a technological breakthrough in the ignition (fire-lighting) category and achieved high levels of distribution in the Irish market since its launch in November 2010. It represents a clear manifestation of Bord na Móna's commitment to its vision, 'A New Contract with Nature'.

The business is also continuing its dilution strategy for its peat briquette business.

Innovation

New products launched to the market - FireMagic FireMaker, Eco Kindling and Cleanstart - demonstrate our commitment to developing and extending the range of products in the fuel market. In the UK market we have succeeded in achieving new and extended distribution for the solid fuel range, which provides a platform for growth in the years ahead. Superglo Outdoor Firepaks were developed to meet an identified opportunity in the market using proven Firepak technology. The product has application in the growing outdoor Chiminea and Firepit market and was listed at B&Q in its first season.



Investment for the Future

Capital Expenditure for 2010/2011 amounted to €48.0 million (€56.1 million in 2009/2010). A significant capital investment programme was undertaken during the year, which included the completion of the Cushing peaking plant, phase 4 of the Drehid engineered landfill, additional refuse collection vehicles, processing plant at the material recovery centres and replacement of peat harvesting equipment.

Research and Development: In 2010/2011 Bord na Móna spent €5.3 million on research and development including business development, exclusive of grants (compared with €5.2 million in 2009/2010). Eleven people are directly employed in the Innovation Centre with a further twenty innovation staff embedded in the operational businesses of the Group.

Funds from Operating Activities

The Group generated €56.8 million from operating activities in 2010/2011 compared to €65.6 million in the previous year.

	2010/2011 € million	2009/2010 € million
Net cash flow from operating activities	56.8	65.6
Capital expenditure and acquisitions	(49.2)	(49.8)
Financing costs paid	(8.3)	(10.9)
Corporation tax paid	(3.4)	(0.7)
Dividend paid	(3.5)	(5.3)
Decrease in net cash	(7.6)	(1.1)

At year end the Group had net borrowings of €64.7 million, an increase of €7.6 million in the year – a significant achievement given the level of capital expenditure. The Group's balance sheet remains strong. The detailed cash flow statement is given on page 43 supported by Note 20 to the Financial Statements.

Capital Structure and Treasury Policy

Net borrowings reached a peak of €104 million during the year compared with a peak of €100 million in the previous year. Bank interest and similar charges at €9.9 million compared with €7.9 million in the previous year. This is explained by a full year's interest charged on private placement funds raised in August 2009.

Treasury Policy for the Group is approved by the Board and implemented and monitored by the Group Treasury function. The Board's policy is to minimise funding costs while maintaining flexibility in volatile markets, always subject to acceptable levels of treasury risk. Year-end debt was mainly at fixed interest rates. Exposure in relation to foreign currency investments is hedged as far as possible by borrowings in the same currency as the underlying net assets.

At year end, the Group had €263.9 million (\$355 million) fixed rate debt raised on the US private placement debt market. In order to hedge the associated US dollar exchange rate exposures and the underlying interest rates. The Group entered into a number of cross currency swaps to match the maturity profile of the debt.

The maturity profile of debt at year-end was 7% repayable in June 2013, 16% repayable in August 2014, 25% repayable in 2016, 12% repayable in 2017, 19% repayable in 2018 and 21% repayable in 2019.

The Group nets foreign currency cash flows to minimise overall exposure and has adopted a selective hedging approach in managing this exposure to secure the Euro value of receivables and payables.

Gearing was 28% at year end compared to 25% at the start of the year and the level of net debt increased from €57 million at the start of the year to €65 million at the end of the year.

Bord na Móna's financial position is sound. Our balance sheet and capital structure remain strong, enabling us to withstand volatility in the marketplace. Our cash flow from operations was €56.8 million for the year 2010/2011, and at year end we had over €198 million in cash. This cash position combined with our operational cash flow provides us with the flexibility to take advantage of opportunities in the marketplace to deliver on our growth objectives in current and new markets.

Gabriel D'Arcy
Managing Director
23 June 2011

This year Bord na Móna is publishing its third Sustainability Report, which provides an update on three key areas of performance – planet, people and profit.

Bord na Móna's vision 'A New Contract with Nature' sets out the roadmap of how the Group will transform itself into a leading provider of sustainable products and services, both in Ireland and abroad.

This transformation is driven by the strategic objectives that are set for each business unit. In order to achieve these objectives, new programmes and initiatives have been undertaken and new key performance indicators have been identified.

In order to ensure that the Group is moving in the right direction, Bord na Móna measures its progress annually against these key performance indicators. The Group then reports its findings in its annual Sustainability Report.

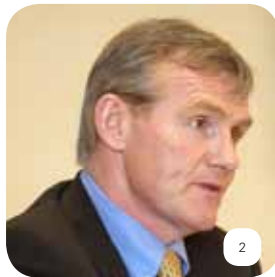
This year Bord na Móna is publishing its third Sustainability Report, which provides an update on three key areas of performance – planet, people and profit.

The report will fulfil the following objectives:

- To communicate with the Group's key stakeholders and to inform them of the steps that have been taken in the last year in implementing programmes and initiatives in the area of biodiversity and eco-systems, commercialisation of sustainable products and services and the development of staff
- To outline the targets and plans that the Group will be implementing over the next few years in order to become more sustainable
- To highlight measures the Group has undertaken to embed sustainability key performance indicators into the day-to-day operations of the business. The data related to these indicators is critical for measuring and reporting progress. The Group is continuously examining ways to optimise this process.

As the developed world's economies move towards a low carbon platform, significant opportunities exist for Bord na Móna to become a strong player in the provision of sustainable and environmental products and services. Bord na Móna is focused on maximising these opportunities in implementing its vision of 'A New Contract with Nature'.

THE BOARD



1. Fergus McArdle (Chairman)

Fergus McArdle (57) was appointed to the Board in November 2002 and as Chairman in September 2004 and reappointed in September 2009. He is a senior partner at KMR Registered Auditors. He is a fellow of the Chartered Association of Certified Accountants since 1978. He has a portfolio of personal business interests with directorships in manufacturing, service and property companies. He also serves on the boards of not-for-profit, commercial business, sporting and charitable bodies.

2. Gabriel D'Arcy (Managing Director)

Gabriel D'Arcy (52) was appointed as Managing Director in February 2008. Prior to joining Bord na Móna, he held a number of management positions in the Kerry Group, most recently Commercial Director, Kerry Ingredients Europe. He previously served as a Captain in the Defences Forces. He holds a B.Sc (Hons) from University College Galway, an MSc from University College Dublin, an M.B.A. from Kingston University Business School, an Advanced Diploma in Management Practice from University of Ulster and an Institute of Directors' Diploma in Company Direction. He is a member of the Institute of Directors and a member of the Board of the Institute of Public Administration.



3. Paudge Bennett

Paudge Bennett (57) was appointed to the Board in January 2007 and reappointed in January 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1973 and became a member of permanent staff in 1975. He has been a Storeman in Boora Works since then. He served as a Trustee of the Bord na Móna Pension Schemes for 11 years until 2006.

4. Gabriel Cribbin

Gabriel Cribbin (65) was first appointed to the Board in September 2005 and reappointed in October 2008. He is joint owner and Managing Director of Summerhill Lawns which provides gardening services. He was formerly a member of Meath County Council and also chaired the Meath County Development Board.



5. Paddy Fox

Paddy Fox (62) was appointed to the Board in January 1999 and reappointed in 2003, 2007 and 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1970 and became a member of permanent staff in 1975. He has been a team leader since 1990. He holds a Diploma in Management and Industrial Relations.

6. Pat McEvoy

Pat McEvoy (59) was first appointed to the Board in January 1995 and served on the Board until December 2006. He was reappointed in January 2011, under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1967 as an apprentice and subsequently served as a fitter-turner in a number of locations. He is currently in the position of Health & Safety Auditor.

7. Rose McHugh

Rose McHugh (47) is the Head of Corporate Finance in Merrion Capital. Merrion Capital provides a wide range of services to clients in wealth management and corporate finance. Prior to joining Merrion Capital, Rose was Deputy CEO at SWS Group, a renewable energy and diversified services group. Before that Rose was a Director of Taxes with Ernst and Young. Rose was appointed to Chair the Board of An Bord Iascaigh Mhara in June 2006. Rose is a Fellow of the Institute of Chartered Accountants in Ireland. She has an honours law degree from UCC. She is an associate of the Institute of Taxation in Ireland and in 2000 she completed an MBA at UCC.



8. Colm Ó Gógáin

Colm Ó Gógáin (58) was appointed to the Board in January 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1974 and has held various positions including Chief Executive, Bord na Móna Fuels Limited, Director of Bord na Móna Environmental Limited and is currently Director of Strategic Infrastructure. He holds a B.E. (Mechanical) from UCD, is a Chartered Engineer and a Fellow of The Institute of Engineers of Ireland.



9. Rory Scanlan

Rory Scanlan (65) was first appointed to the Board in May 2002 and reappointed in June 2007. He is a sales and management consultant and author of "Professional Selling Skills". He is a director of Ordnance Survey Ireland and several private companies and has previously served as a director of a number of State Bodies including Foir Teoranta and An Bord Tráchtála.

10. David Taylor

David Taylor (65) was appointed to the Board in June 2009. He is an independent strategic advisor on sustainable energy and holds professional qualifications in engineering (B.E. Chemical) and management (MSc Management). He advises the Joint Oireachtas Committee on Climate Change and Energy Security on sustainable energy and energy security issues. Formerly CEO of Sustainable Energy Ireland he has represented the Irish Government's energy research and development interests in the EU and the International Energy Agency.



11. Peter Wyer

Peter Wyer (62) was appointed to the Board in May 2008. He has a Commerce and Law Degree from the National University of Ireland, Galway. Having spent some time in Merchant Banking he moved into sales where he spent most of his career. He joined Arch Motors Ltd. Galway in 1976 where he is currently Sales Director and Company Secretary. He is also a director of a number of other related companies.

12. Conor Skehan

Conor Skehan (53) was appointed to the Board in May 2008. He is the founder of a number of specialist professional consultancies and is currently Head of the Department of Environment and Planning at DIT. He specialises in Foresighting, Environmental Protection and Strategic Planning across a range of sectors that include industry, energy and tourism. He resigned from the Board with effect from 6 April 2011.

DIRECTORS' REPORT

Introduction

The Directors present their report and the audited financial statements of Bord na Móna plc for the period from 1 April 2010 to 30 March 2011.

Principal Activities and Review

The Group supplies electricity generated from peat and biomass at its generating station and supplies peat as a fuel to other electricity generating stations. It also supplies waste management services, peat briquettes, coal, oil, horticultural products, water treatment, odour control products, environmental consultancy and commercial laboratory services.

The Chairman's Statement on pages 4 and 5 and the Managing Director's Review on pages 6 to 22 contain a review of the development of the Group's business during the year, of the state of affairs of the businesses at 30 March 2011, of recent events and of likely future developments.

Results for the Period	€'000
Profit for the financial year	13,127
Dividend paid	(3,469)

Profit retained for financial year 9,658

Details of the financial results of Bord na Móna plc for the period 1 April 2010 to 30 March 2011 are given on pages 37 to 65.

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Government. Conor Skehan resigned from the Board on 6 April 2011. The names of the persons who were Directors during the period are set out below.

Fergus McArdle, Chairman
Gabriel D'Arcy, Managing Director
Paudge Bennett – term of office expired 31 December 2010 and reappointed with effect from 1 January 2011
Gabriel Cribbin
Paddy Fox – term of office expired 31 December 2010 and reappointed with effect from 1 January 2011
Pat Kane – term of office expired 31 December 2010
Pat McEvoy – appointed with effect from 1 January 2011
Rose McHugh
Colm Ó Gógáin – appointed with effect from 1 January 2011
Paddy Rowland – term of office expired 31 December 2010
Rory Scanlan
Conor Skehan – resigned on 6 April 2011
David Taylor
Peter Wyer

Corporate Governance

As part of its commitment to quality the Group has continued to implement best practice in relation to the conduct of its business and in relation to financial and general reporting.

The Group complies with the provisions of the Department of Finance's "Code of Practice for the Governance of State Bodies" and has applied the principles of good corporate governance.

The Bord na Móna Employee Share Ownership Plan (ESOP) continues to hold 5% of the total ordinary shares in Bord na Móna plc on behalf of 2,102 eligible participants (serving and retired employees) in the Bord na Móna Employee Share Ownership Trust or the Bord na Móna Approved Profit Sharing Scheme (APSS). The shares are appropriated to the participants via the APSS in accordance with the rules of the Plan.

Board Meetings

The Board met 14 times during the financial year.

Committees of the Board

There are three standing Committees of the Board which operate under formal terms of reference.

The members of the *Risk and Audit Committee* as at 30 March 2011 were Peter Wyer (Chairman), Rory Scanlan and Gabriel Cribbin. Robert Dix acts as an adviser to the Committee.

The Committee met five times during the financial year. The Committee meets periodically with the internal auditor and the external auditors to discuss the Group's internal accounting controls, the internal audit function, the choice of accounting policies and estimation techniques, the external audit plan, the statutory audit process, financial reporting and other related matters. The internal auditor and external auditors have unrestricted access to the Risk and Audit Committee. The Chairman of the Committee reports to the Board on all significant matters considered by the Committee and the minutes of its meetings are circulated to all Directors.

The *Remuneration Committee* considers the remuneration and expenses of the Managing Director and senior management in accordance with Government guidelines. The members as at 30 March 2011 were Fergus McArdle (Chairman), Paddy Fox, Pat McEvoy and Rose McHugh. The Managing Director, Gabriel D'Arcy, attends the Committee except when his own remuneration is being considered. The Committee met four times during the financial year.

The *Finance Committee* considers the financial aspects of matters submitted to the Board and the procurement, disposal and leasing of land, buildings and facilities. The members as at 30 March 2011 were Fergus McArdle (Chairman), Paudge Bennett, Gabriel D'Arcy, Colm Ó Gógáin and David Taylor. The Committee met three times during the financial year.

From time to time the Board also establishes temporary committees to deal with specific matters under defined terms of reference. There were no such committees established in the year ended 30 March 2011.

Attendance at Board and Committee Meetings

The table below summarises the attendance of Directors at Board and Committee meetings which they were eligible to attend during the year ended 30 March 2011.

Director	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
F McArdle, Chairman	14/14	7/7
G D'Arcy, Managing Director	14/14	7/7
P Bennett	14/14	3/3
G Cribbin	12/14	3/5
P Fox	13/14	4/4
P Kane	12/12	4/4
P McEvoy	2/2	N/A
R McHugh	11/14	3/4
C Ó Gógáin	2/2	3/3
P Rowland	12/12	N/A
R Scanlan	14/14	5/5
C Skehan	8/14	3/3
D Taylor	13/14	3/3
P Wyer	14/14	5/5

The aggregate expenses paid to Directors in 2010/2011 were €61,832 (2009/2010 : €57,359).

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in 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 foreign exchange exposure together with debt finance and the related finance costs.

In order to ensure stability of cash outflows and hence manage interest rate risk, the Group has a policy of maintaining at least 50 per cent of its debt at fixed rate. At March 2011, the Group had fixed its private placement debt. Further to this the Group 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 treasury operating policy is risk averse.

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.

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

Bord na Móna's reporting currency is Euro. The Group is exposed to foreign exchange risks in the normal course of business, principally on the sale and purchase of both sterling and US dollar. Certain natural economic hedges exist within the Group. At the year end, the Group had \$355,000,000 fixed rate debt which was hedged by cross currency swaps.

Credit risk

The Group continually examines its credit policies in light of the changing economic conditions that the Group operates in. Management, with the approval of the Board, has an ongoing program of mitigating actions to reduce identified credit risks which included additional resources, improved reporting and a restructuring of the credit control function to manage risk. In addition, credit insurance is also in place for the larger customers of the Group.

Liquidity risk

The Group's operations are cash generative. The Group has historically utilised this cash to retire medium and long term debt and to fund capital expenditure. The Group is now primarily financed by long term debt with maturities between 2013 and 2019. The Directors are satisfied that the Group has sufficient sources of short, medium and long-term debt to enable it to fund both existing operations and planned expansions.

Interest rate and cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Cash balances earn interest at a variable rate. The Group has a policy of maintaining at least 50% of debt at fixed rate to ensure certainty of future interest cash flows. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. Through a series of interest rate swaps, the Group has fixed the interest rates on its long-term debt.

Directors' Responsibilities for Financial Statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

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

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statutes comprising the Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts Regulations 1992). 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. The measures taken by Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at the registered office of the Company.

The Directors are also required to include in the Annual Report a statement on the system of internal control in accordance with the requirements of the Code of Practice for the Governance of State Bodies.

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

Internal Controls

The Directors have overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. These systems are designed to manage risk and can give reasonable, but not absolute, assurance against material misstatement or loss. The Board confirms that it has reviewed the effectiveness of the system of internal control.

Management is responsible for the identification and evaluation of significant risks together with the design and operation of suitable internal control systems. The systems of internal control are designed to ensure that transactions are executed in accordance with management's authorisation, that reasonable steps are taken to safeguard assets and to prevent fraud and that proper financial records are maintained. Management report to the Board on major changes in the business and external environment which affect risk.

The principal procedures which have been put in place by the Board to provide effective internal control include:

- an organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities;
- clearly defined management responsibilities have been established throughout the Group and the services of qualified personnel have been secured and duties properly allocated among them;
- a statement of decisions reserved to the Board;
- a risk management process which enables the identification and assessment of risks, that could impact business performance and objectives and ensures that appropriate mitigation plans are formulated to minimise the residual risk;
- a comprehensive planning process for each business and the Group centre culminating in an annual Group long term plan, approved by the Board;
- a comprehensive budgeting process for each business and the Group centre culminating in an annual Group budget approved by the Board;
- a comprehensive financial reporting system with actual performance against budget, forecasts, performance indicators and significant variances reported monthly to the Board;
- a set of policies and procedures relating to operational and financial controls including capital expenditure;
- procedures for addressing the financial implications of major business risks, including financial instructions, delegation practices and segregation of duties and these are supported by monitoring procedures;
- management at all levels are responsible for internal control over its respective business functions;
- procedures for monitoring the effectiveness of the internal control systems include the work of the Risk and Audit Committee, management reviews, the use of external consultants and internal audit.

Internal audit considers the Group's control systems by examining financial reports, by testing the accuracy of transactions and by otherwise obtaining assurances that the systems are operating in accordance with the Group's objectives. Internal audit report directly to the Risk and Audit Committee on the operation of internal controls and make recommendations on improvements to the control environment if appropriate.

The Group has a robust framework in place to review the adequacy and monitor the effectiveness of internal controls covering financial, operational, risk management and compliance controls. The Board is satisfied that the system of internal control in place is appropriate for the business.

The Board has reviewed the effectiveness of the system of internal control up to the date of approval of the financial statements. The Risk and Audit Committee performed a detailed review and reported its findings back to the main Board. The process used to review the effectiveness of the system of internal controls include:

- review and consideration of the internal audit work programme and consideration of its reports and findings;
- review of the regular reporting from internal audit on the status of the internal control environment and the status of recommendations raised previously from their own reports and reports from the external auditors;
- review of reports from the external auditors which contain details of any material internal financial control issues identified by them in their work as auditors, and
- review of the risk register reports, the counter measures in place to mitigate the risk, the remaining residual risk and actions required or being taken to further mitigate the risks.

Going Concern

The Directors have reviewed the Group's businesses and other relevant information and confirm that Bord na Móna plc has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Directors' and Secretary's Shareholdings

Paudge Bennett, Paddy Fox, Pat McEvoy and Colm Ó Gógáin and the Secretary are participants in the Bord na Móna Employee Share Ownership Plan and each has a notional allocation of 1,771 ordinary shares in Bord na Móna plc which are held in the Bord na Móna Approved Profit Sharing Scheme or the Bord na Móna Employee Share Ownership Trust. The other Directors and their families had no interests in the shares of Bord na Móna plc or any other Group company during the year ended 30 March 2011.

Codes of Conduct

The Code of Conduct for Employees continued in place during the 2010/2011 financial year. The Group's Code of Conduct for Directors remains in place and was adhered to during the year.

Human Resources

Bord na Móna implements its Human Resources policies in a consultative and collaborative way that respects the importance of our people and their performance. The Group aims for strong commercial results through a professional, performance driven approach.

As always, Bord na Móna maintained its partnership based relationship with employees and their union representatives with both sides recognising this as the most effective way of meeting our business challenges in a mutually beneficial way.

Bord na Móna continued its pursuit of improved health and safety at work through constant attention to best practice work processes. In addition, the Group continued its Health and Wellness programme that focuses on enhancing individual employee well-being.

More details on Human Resources matters are contained in the Sustainability Report.

Quality and Customer Service

The Board has adopted a policy that Bord na Móna will voluntarily obtain the relevant ISO accreditation and/or other relevant accreditation for all its activities.

The Group has adopted the *Code of Practice for the Delivery of Services to Customers of Commercial State Companies*.

Accounting Records

The measures taken by the Directors to secure compliance with the Group's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at the Group's registered office, Main Street, Newbridge, Co. Kildare.

Payment of Accounts

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 ("the Regulations"). Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

Auditors

The Auditors, PricewaterhouseCoopers have indicated their willingness to continue in office as Auditors to the Group.

Signed:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

23 June 2011

SENIOR MANAGEMENT

Michael Barry - Head of Finance and Corporate Services

Tom Bradley - Head of Environmental Western Europe

Gabriel D'Arcy - Managing Director

Hubert Henry - Head of Innovation

Shane Keaney - Head of Environmental North America

John Keogh - Head of Horticulture/Fuels

Colm Ó'Gógáin - Head of Strategic Infrastructural Development

Gerry O'Hagan - Head of Marketing and Communications

John Reilly - Head of Powergen

Paul Riordan - Head of Feedstock

Gerry Ryan - Company Secretary/Head of Land and Property

Jim Stockwell - Head of Human Resources

Tom Walsh - Head of Resource Recovery

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORD NA MONA PLC

We have audited the Group and parent Company financial statements (the "financial statements") on pages 32 to 65. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 28.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account;
- whether the Directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the Company to convene an extraordinary general meeting of the Company; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called-up share capital.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Managing Director's Review and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We review whether the statement regarding the system of internal financial control required by the Code of Practice for the Governance of State Bodies made in the Directors' Report on page 28 reflects the Group's compliance with paragraph 13.1 (iii) of the Code and is consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We are not required to consider whether the Board's statements on internal financial control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

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 Group's and the Company's affairs as at 30 March 2011 and of the Group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company's balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report on pages 26 to 29 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 42 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 30 March 2011 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
23 June 2011

ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Basis of Accounting and Preparation of Financial Statements

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Companies: Group Accounts Regulations, 1992). Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements are prepared in Euro under the historical cost convention.

The Group's significant accounting policies, critical accounting estimates and judgements are set out below, together with an explanation of where changes have been made to previous policies. There were no new standards adopted during the year.

Basis of Consolidation

The consolidated financial statements include the financial statements of Bord na Móna plc and all of its subsidiaries. The Group financial statements consolidate the financial statements of the holding Company and its subsidiary undertakings.

The policies set out below have been consistently applied to all years presented in the consolidated financial statements and are consistently applied by all Group entities. Comparative figures have been restated where required in order to present on a consistent basis.

Intragroup transactions are eliminated on consolidation in the preparation of the Group financial statements.

The results of subsidiary undertakings acquired or sold are included in the consolidated profit and loss account and cashflow statement up to or from the date control passes.

The identifiable assets and liabilities of the acquired entity are included in the consolidated financial statements of the acquirer at their fair values at the date of acquisition. The difference between these and the cost of acquisition is recognised as goodwill or negative goodwill. The results of the acquired entity are included in the profit and loss account of the acquiring Group from the date of acquisition. The assets and liabilities recognised in the allocation of fair values are those of the acquired entity that existed at the date of acquisition. They are measured at fair values that reflect the conditions at the date of the acquisition. The cost of acquisition is the amount of cash or cash equivalents paid and the fair value of other purchase consideration given by the acquirer, together with the associated transaction expenses.

The fair value exercise includes the measurement of contingent assets and liabilities. These are determined based on the Group's reasonable estimates of the expected outcome. Certain contingent assets and liabilities that crystallise as a result of an acquisition are also recognised, where the underlying contingency was in existence before the acquisition (e.g. environmental reinstatement provisions).

Turnover

Turnover is comprised of revenue, excluding value added tax and trade discounts and including other levies on goods and services to external customers arising in the normal course of business.

The Group supplies electricity to ESB Customer Supply under a Power Purchase Agreement ('PPA') which expires in December 2015. Turnover is recognised for (i) capacity availability and (ii) energy supplied, on the basis of contractual performance in accordance with the terms of the PPA. Related pass through costs are recognised in accordance with the terms of the PPA.

Turnover on long-term contracts is recognised using the percentage-of-completion method, calculated on an input cost basis.

On receipt of payment from customers, in advance of the performance of the Group's contractual obligations to its customers under the normal course of business, in respect of certain of its activities the Group recognises deferred revenue. The deferred revenue is included in Creditors on the balance sheet, representing the Group's obligations under the contract terms. When the Group performs its obligations and thereby obtains the right to consideration under the terms of business, it reduces the liability and recognises that reduction as revenue in the profit and loss account. The costs associated with the delivery of the services are charged to cost of sales as incurred, to the extent that they are less than the unamortised deferred revenue. A provision is recognised where future costs in respect of the delivery of the service are estimated to exceed unamortised deferred revenue.

Revenue earned on service delivery but unbilled is recognised in accordance with contractual terms and separately disclosed as accrued income within Debtors.

Operating lease rental income is recognised in accordance with the contractual terms.

All other revenue is recognised when the goods or services are delivered.

Turnover is stated as after eliminating sales within the Group.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the transaction date or, if hedged, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract. The resulting profit or loss is included in the profit and loss account. Gains and losses arising on forward foreign exchange contracts which are used to hedge foreign transaction cash flows are recognised as an operating expense in the profit and loss account. Interest rate swaps agreements and similar contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as an interest expense over the period of the contracts.

The financial statements of foreign subsidiaries are translated into Euro using the closing rate method. Profits and losses arising on the re-translation of foreign subsidiaries are taken to reserves and recognised in the statement of total recognised gains and losses. Differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against Group equity investment in foreign subsidiaries, are also taken to reserves and recognised in the statement of total recognised gains and losses.

Derivative Financial Instruments

The Group uses derivative financial instruments including a number of cross currency interest rate swaps to hedge its exposure to interest and foreign exchange risks arising from two US private placements. In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes.

Derivative financial instruments are recognised at book value. Interest differentials arising on the derivatives are recognised in net interest expense over the period of the related contract. The fair value of the financial instruments is disclosed at each balance sheet date.

Emission Allowances

In accordance with the provisions of the European CO₂ emissions trading scheme, emissions allowances covering a percentage of the expected emissions during the year are granted to Bord na Móna at the beginning of each year by the relevant Government Authority.

As emissions arise, a charge is recorded in the profit and loss account to reflect the amount required to settle the liability to the Authority. This provision will include the current market value of any additional allowances required to settle the obligation. These allowances, together with any additional allowances purchased during the year, are returned to the relevant Authority within four months of the end of that calendar year, in order to cover the liability for actual emissions of CO₂ during that year. Certain of the emissions costs are recoverable from ESB Customer Supply under the power purchase agreement as a pass through cost. The recoverable credit is recorded in the profit and loss account.

Tangible Fixed Assets

Cost

Freehold land and the estimated residual value of peatland after the peat production phase, are stated at cost. Cost includes direct costs (including direct labour), overheads and interest incurred in financing the construction of tangible fixed assets.

Peatland and other tangible fixed assets are stated at cost less accumulated depreciation.

The cost of landfill sites includes the cost of acquiring, developing and engineering sites and interest incurred during the construction phase.

Assets in the course of construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use.

The Group has adopted a policy of capitalising finance costs. Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Where funds are borrowed specifically for the purpose of financing the construction of a tangible fixed asset, the amount of finance costs capitalised is limited to the actual costs incurred on the borrowings during the period in respect of expenditures to date on the tangible fixed asset. The capitalisation of finance costs ceases when the asset is commissioned or where active development has been interrupted for an extended period of time.

Depletion and depreciation

A depletion charge is recorded in respect of peatland, drainage and railways. Other tangible fixed assets are depreciated on a straight line basis at the rates indicated;

Plant & Machinery	5% to 33.3% per annum
Buildings	5% to 10% per annum

The Group's power plant at Edenderry is depreciated on a unit of production basis in order to relate the depreciation to the estimated production capability of the plant. The Group operates a Power Purchase Agreement ('PPA') with the Electricity Supply Board ('ESB') to supply electricity on a priority despatch basis. This PPA expires in 2015 and the plants contractual entitlement to priority despatch ceases at that date. The unit of production method of depreciation seeks to relate the depreciation charge to the estimated production capability of the plant. This reflects a change in the estimate of depreciation during the year-ended 30 March 2011 and resulted in an additional depreciation charge of €0.1 million in that year.

The Group's peaking plant at Edenderry, which was commissioned during the year, is depreciated on a straight line basis with the charge calculated to write the cost of the asset down to its estimated residual value. The use of the straight line basis of depreciation reflects the anticipated consumption of the economic benefit of the plant on a consistent basis over the useful life of the plant based on its availability to the grid.

The cost of the landfill asset is depreciated over either the licensed life of the engineered facility or on the basis of the usage of void space.

No depreciation is charged on assets in the course of construction.

ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CONTINUED

Financial Assets

Interests in subsidiary undertakings are initially recorded at cost on the Holding Company balance sheet. The Group carries out an impairment review if events or changes in circumstances indicate that the carrying value of the financial asset may not be recoverable.

The recoverable amount is determined by comparing the carrying value of the financial asset against the higher of its fair value and its value in use. The value in use is determined by discounting estimated future cash flows expected to be derived from the financial asset, to net present value. To the extent that the carrying amount exceeds the recoverable amount, the financial asset is impaired and is written down.

Investment Properties

Investment properties are included in the balance sheet at their open market value.

Goodwill and Intangible Assets

Purchased goodwill, being the excess of the consideration paid on the acquisition of a business over the fair values of the entity's identifiable assets and liabilities, is capitalised and classified as an asset on the balance sheet. Goodwill is amortised to the Group profit and loss account over its estimated useful life (between three and twenty years).

Impairment of Assets and Goodwill

If events or changes in circumstances indicate that the carrying value of tangible fixed assets or goodwill may not be recoverable, the Group carries out an impairment review.

The recoverable amount in respect of income generating units ('IGUs') is determined by comparing the carrying value of the IGU to the higher of its net realisable value and the value in use. The value in use is determined by discounting estimated future cash flows expected to be derived from the income generating unit, to net present value. The discount rate used reflects an appropriate risk weighting for the type of investment being tested for impairment.

To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss arising is recognised in the profit and loss account unless it arises on a previously revalued asset.

Research and Development

Expenditure on pure or applied research and development is written off to the profit and loss account as incurred.

Grants

Capital grants received and receivable under EU-assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty. Grants received in respect of tangible fixed assets are treated as a deferred credit and amortised to the profit and loss account annually over the economic useful life of the related tangible fixed assets.

Stocks, Work in Progress and Long Term Contracts

Stocks and work in progress are valued at the lower of cost and net realisable value. Coal stocks are valued at weighted average cost.

Cost includes all direct expenditure incurred in bringing products to their current state under normal operating conditions. The cost of milled peat stock harvested is determined at each peatland location as the cost of the annual harvest allocated over the normal levels of harvest production calculated based on standard tonnage. The unit cost is reduced to actual cost where actual cost per tonne is lower than standard cost per tonne. The costs of milled peat stocks include a depletion charge, direct labour, other costs and related production overheads. Variations from standard tonnage (i.e. up tonnages where the actual output tonnages are greater due to improved moisture content) are recognised on measurement of the peat when the stock pile is fully outloaded. The additional bonuses of work groups which only arise when up-tonnage is recognised are provided for when the related up-tonnages are identified and recognised as part of this measurement process.

Net realisable value is based on anticipated selling price less the cost of selling such goods and any sales incentives or penalty payments.

Profit on long-term contracts is recognised once the outcome can be assessed with reasonable certainty. Losses on long-term contracts are provided as soon as they are foreseen. Long-term work in progress is stated net of payments received on account.

Provision is made for damaged, deteriorated, obsolete and slow moving items where appropriate.

Trade Debtors

Trade debtors are initially recognised at fair value. Trade debtors are considered for impairment on an on-going basis. Provision for impairment of trade debtor balances are recorded against identified doubtful debtors.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short term deposits.

Borrowings

Interest bearing loans and borrowings are initially recognised net of arrangement fees. These arrangement fees are amortised over the life of the related borrowing.

Leases

Assets held under finance leases are included in tangible fixed assets at cost and are depreciated over the shorter of the lease term or their useful economic life. Obligations relating to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligations.

Rentals under operating leases are charged to the profit and loss account as incurred.

Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised in accordance with FRS 12 when the Group has a legal or constructive obligation as a result of a past event, a reliable estimate of that obligation can be made and it is possible that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material provisions are discounted.

Environmental Reinstatement Provision

Provision is made for environmental reinstatement costs relating to the after-use of cutaway peatland and decommissioning costs. The provision is made when the circumstances giving rise to the obligation to make the reinstatement occur. The amount of the provision represents the present value of the expected future costs. A depletion charge is recorded in the profit and loss account in order to charge the cost of capitalised reinstatement costs to the profit and loss account reflecting extraction.

Landfill Restoration Provision

A provision is recorded for the Net Present Value (NPV) of the Group's unavoidable costs in relation to restoration liabilities at its landfill site. This value is capitalised as a tangible fixed asset. The Group also provides for the NPV of intermediate restoration costs over the life of its landfill sites, based on the quantity of waste deposited in the year. Provision is made for the NPV of post closure costs based on the quantity of waste deposited in the year. Similar costs incurred during the operating life of the sites are written off directly to the profit and loss account and not charged to the provision.

All long term provisions for restoration and aftercare are calculated based on the NPV of estimated future costs. The effects of inflation and unwinding of the discount element on existing provisions are reflected within the financial statements as a finance charge.

No provision has been made for the decommissioning of the generating assets as it is assumed there will be no net outflow of economic benefits.

Self Insurance Provisions

Self insurance provisions relate to the estimated liability in respect of costs to be incurred under the Group's self insurance programmes for events occurring on or prior to the year end. The provision is estimated based on a case by case assessment by the independent claims handling agents of the likely outturn on each case.

Legal Provisions

Provisions for legal claims are included in the financial statements, for legal and other matters on the basis of the amounts that the Group consider will become payable, after evaluating the recommendations of legal advisors, their in-house legal teams, and other experts.

Warranty Provision

The Group issues warranties for goods and services. The warranty costs are provided for based on the duration of the warranty period.

Redundancy Provision

Redundancy costs are provided for by the Group, once a detailed formal plan has been prepared and approved and the Group is irrevocably committed to implementing the plan.

Pensions and Post Retirement Benefits

The Group has both defined benefit and contribution pension arrangements. Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax and pension scheme surpluses, to the extent that they are considered recoverable are presented on the balance sheet as an asset net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. Where the scheme rules require a surplus arising in the scheme to be shared between the employer and the members, the amount passed to the members is treated as an increase in the scheme liabilities.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Taxation Including Deferred Tax

Current tax represents the amount expected to be paid in respect of taxable profit for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board.

ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CONTINUED

Deferred tax is measured, on an undiscounted basis, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share Based Payment

Equity settled share based payment to employees are measured at the fair value of the equity instruments at the grant date. The fair value is expensed on a straight line basis over the vesting period. In accordance with FRS 20 'Share Based Payments', the Group recognise an expense in the profit and loss and a corresponding increase in equity in respect of the fair value of the shares issued to employees. The fair value of the shares issued is determined on a minority non-controlling basis. Factors taken into consideration in determining the fair value include the market, discounted cash flow, net assets value and the characteristics of the shares being acquired.

Share Capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholder and are no longer at the discretion of the Company.

Critical Accounting Estimates and Judgements

Preparation of the consolidated financial statements requires management to make certain assumptions that affect the reported amounts of assets and liabilities. These include the following areas:

Pension scheme assets and liabilities

The actuarial valuation of pensions is based on assumptions regarding inflation, discount rates, the expected return on plan assets, salary increases, pension in payment increases and mortality rates. The assumptions adopted by the Group at 30 March 2011 are outlined in Note 24 to the financial statements and have been determined with assistance from the Group's actuarial advisors.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the 'balance of cost' defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 30 March 2011, 100% of the pension scheme deficit on the GESS scheme has been recognised in the financial statements. The RWESS pension scheme has a surplus at 30 March 2011 and the group has accounted for its share of the pension scheme surplus on a 50:50 basis between members and the Group.

Impairment of assets and goodwill

Intangible assets and property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of income generating units is determined based on the determination of a value in use for the income generating unit. This determination is based on forecasted future cashflows. The Group's Resource Recovery business is operating in challenging and highly competitive economic conditions, in a changing regulatory environment. In the event that the Group does not deliver anticipated volume and price increases or achieve anticipated cost reductions, or in the event that current weak economic conditions prevail in the domestic market, then the value in use assessment of the income generating unit may be adversely impacted. The determination of the value in use also requires application of an appropriate weighted average cost of capital and assessment of a long-term growth rate for the sector. The impact on the recoverable amount of changes in these key assumptions are set-out in Note 7 to the financial statements.

Carrying value of power plants

The Group's Power Plant at Edenderry operates a fifteen year Power Purchase Agreement ('PPA') with a third party to supply electricity on a priority despatch basis. This PPA expires in December 2015. The plants contractual entitlement to priority despatch will cease as at that date. The Group anticipate that the plant will continue to operate in the period post 2015 in the single electricity market ('SEM') co-fired by biomass and peat. The related goodwill is being amortised over the period to 2025 reflecting a useful economic life of 20 years. In considering the carrying value of the plant at Edenderry and the goodwill arising on acquisition of the business, a number of key assumptions are made in respect of the operation of the plant in the period post 2015. These assumptions are considered on an annual basis on assessment of the appropriateness of the carrying value of the plant and the related goodwill.

Environmental obligations

The Group has certain environmental obligations arising as a result of its land, and landfill operations. Determination of the provisions for the related environmental rehabilitation obligations in the period to and post extraction and operation reflects certain key assumptions in respect of the associated costs. These assumptions are reviewed on an on-going basis reflecting actual experience.

Accounting Year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period 1 April 2010 to 30 March 2011 (prior year: 53-week period 26 March 2009 to 31 March 2010).

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 MARCH 2011

	Note	2010/2011 €'000	2009/2010 €'000
Turnover	2	382,069	384,417
Operating costs	2	(357,611)	(361,379)
Operating profit	2	24,458	23,038
Other finance charges	5	(7,731)	(10,139)
Profit on ordinary activities before taxation		16,727	12,899
Taxation on profits on ordinary activities	6	(3,807)	(2,437)
Profit after taxation on ordinary activities		12,920	10,462
Equity minority interests	19	207	50
Profit for the financial year		13,127	10,512

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 30 MARCH 2011

	Note	THE GROUP	
		2010/2011 €'000	2009/2010 €'000
Profit for the financial year		13,127	10,512
Actuarial (loss) / gain recognised on pension schemes	24	(855)	29,725
Deferred tax related to actuarial loss / (gain)	17(e)	123	(3,602)
Revaluation of investment property	9	(1,700)	(5,400)
Exchange loss on foreign subsidiaries		(244)	(128)
Total recognised gains and losses for the financial year		10,451	31,107

On behalf of the Board:

Fergus McArdle
 Chairman

Gabriel D'Arcy
 Managing Director

RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 MARCH 2011

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss Account €'000	Revaluation Reserve €'000	Shareholders' Funds €'000
The GROUP						
Profit for the financial year ended 31 March 2010		0	0	10,512	0	10,512
Dividend paid	3	0	0	(5,257)	0	(5,257)
Profit retained for the financial year ended 31 March 2010		0	0	5,255	0	5,255
Actuarial gain recognised on pension schemes	24	0	0	29,725	0	29,725
Deferred tax related to actuarial gain	17(e)	0	0	(3,602)	0	(3,602)
Unrealised deficit on revaluation of investment property during the year	9	0	0	0	(5,400)	(5,400)
Exchange adjustments on foreign subsidiaries		0	0	(128)	0	(128)
Net increase/(decrease) in shareholders' funds		0	0	31,250	(5,400)	25,850
Shareholders' funds at 25 March 2009		82,804	1,959	104,232	9,563	198,558
Shareholders' funds at 31 March 2010		82,804	1,959	135,482	4,163	224,408
Profit for the financial year ended 30 March 2011		0	0	13,127	0	13,127
Dividend paid	3	0	0	(3,469)	0	(3,469)
Profit retained for the financial year ended 30 March 2011		0	0	9,658	0	9,658
Actuarial loss recognised on pension schemes	24	0	0	(855)	0	(855)
Deferred tax related to actuarial loss	17(e)	0	0	123	0	123
Unrealised deficit on revaluation of investment property during the year	9	0	0	0	(1,700)	(1,700)
Exchange adjustments on foreign subsidiaries		0	0	(244)	0	(244)
Net increase/(decrease) in shareholders' funds		0	0	8,682	(1,700)	6,982
Shareholders' funds at 31 March 2010		82,804	1,959	135,482	4,163	224,408
Shareholders' funds at 30 March 2011		82,804	1,959	144,164	2,463	231,390

RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS
 FOR THE YEAR ENDED 30 MARCH 2011
 CONTINUED

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss Account €'000	Revaluation Reserve €'000	Shareholders' Funds €'000
The COMPANY						
Loss for the financial year ended 31 March 2010		0	0	(9,544)	0	(9,544)
Dividend paid	3	0	0	(5,257)	0	(5,257)
Net reduction in shareholders' funds		0	0	(14,801)	0	(14,801)
Shareholders' funds at 25 March 2009		82,804	1,959	53,961	0	138,724
Shareholders' funds at 31 March 2010		82,804	1,959	39,160	0	123,923
Loss for the financial year ended 30 March 2011		0	0	(27,352)	0	(27,352)
Dividend paid	3	0	0	(3,469)	0	(3,469)
Net decrease in shareholders' funds		0	0	(30,821)	0	(30,821)
Shareholders' funds at 31 March 2010		82,804	1,959	39,160	0	123,923
Shareholders' funds at 30 March 2011		82,804	1,959	8,339	0	93,102

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies. The Company's result for the financial year, determined in accordance with Irish GAAP, is a loss after tax of €27,352,000 (2010: loss of €9,544,000) and a retained loss of €30,821,000 (2010: retained loss of €14,801,000).

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

GROUP BALANCE SHEET
AS AT 30 MARCH 2011

	Note	30 March 2011 €'000	31 March 2010 €'000
Fixed Assets			
Intangible assets	7	33,862	44,496
Tangible assets	8	261,231	252,671
Investment properties	9	11,900	13,600
		306,993	310,767
Current Assets			
Stocks	11	83,117	63,754
Debtors	12	76,061	71,989
Cash at bank and in hand		198,833	206,761
		358,011	342,504
Creditors - amounts falling due within one year	13	(92,098)	(83,769)
		265,913	258,735
Net current assets			
		572,906	569,502
Total assets less current liabilities			
		572,906	569,502
Creditors - amounts falling due after more than one year	14	(276,311)	(277,158)
Provisions for liabilities	17	(46,552)	(46,449)
		250,043	245,895
Net assets before pension funds' assets and liabilities			
Pension fund asset	24	4,848	2,921
Pension funds' liabilities	24	(22,251)	(22,951)
		232,640	225,865
Net assets after pension funds' assets and liabilities			
Capital and Reserves			
Called-up share capital	18	82,804	82,804
Share premium	18	1,959	1,959
Revaluation reserve		2,463	4,163
Profit and loss account		144,164	135,482
		231,390	224,408
Equity shareholders' funds			
Minority shareholders' interests			
Equity interests	19	12	219
Non-equity interests	19	1,238	1,238
		1,250	1,457
		232,640	225,865

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

COMPANY BALANCE SHEET
AS AT 30 MARCH 2011

	Note	30 March 2011 €'000	31 March 2010 €'000
Fixed Assets			
Intangible assets	7	0	251
Tangible assets	8	4,767	5,558
Financial assets	10	114,678	132,862
		119,445	138,671
Current Assets			
Debtors	12	219,477	190,566
Cash at bank and in hand		172,526	203,930
		392,003	394,496
Creditors - amounts falling due within one year	13	(140,169)	(130,315)
		251,834	264,181
Net current assets			
		371,279	402,852
Total assets less current liabilities			
Creditors - amounts falling due after more than one year	14	(262,865)	(262,689)
Provisions for liabilities	17	(11,390)	(12,187)
		97,024	127,976
Net assets before pension fund liabilities		97,024	127,976
Pension fund liabilities	24	(3,922)	(4,053)
		93,102	123,923
Net assets after pension fund liabilities			
Capital and Reserves			
Called-up share capital	18	82,804	82,804
Share premium	18	1,959	1,959
Profit and loss account		8,339	39,160
		93,102	123,923
Equity shareholders' funds			
		93,102	123,923

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 MARCH 2011

	Note	2010/2011 €'000	2009/2010 €'000
Net cash inflow from operating activities	20(a)	56,839	65,601
Returns on investments and servicing of finance	20(b)	(8,377)	(10,954)
Taxation		(3,377)	(690)
Capital expenditure and financial investment	20(b)	(49,204)	(49,801)
Equity dividends paid to shareholders		(3,469)	(5,257)
Net cash outflow before use of liquid resources and financing		(7,588)	(1,101)
Financing	20(b)	0	146,428
(Decrease)/increase in net cash		(7,588)	145,327
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash during the year	20(c)	(7,588)	145,327
Increase in debt and lease financing	20(c)	0	(146,428)
Change in net debt resulting from cash flows		(7,588)	(1,101)
Net debt at beginning of the financial year		(57,065)	(55,964)
Net debt at end of the financial year		(64,653)	(57,065)

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

NOTES TO THE FINANCIAL STATEMENTS

1. Consolidation

Bord na Móna plc is a majority State-owned company. 95% of its shares are held by the Minister for Communications, Energy and Natural Resources and by or on behalf of the Minister for Finance. The other 5% are held by the employees of the Group through an Employee Share Ownership Plan (ESOP).

The Group financial statements consolidate the financial statements of Bord na Móna plc and its subsidiaries.

2. Profit before taxation

	Continuing operations	
	2010/2011 €'000	2009/2010 €'000
Turnover ¹		
Feedstock	126,271	124,352
Powergen	60,533	59,335
Resource Recovery	56,450	50,837
Environmental and other	13,559	18,092
Horticulture	52,443	49,239
Fuels	141,655	146,402
	450,911	448,257
Less inter Group sales	(68,842)	(63,840)
Net third party turnover	382,069	384,417
Cost of sales	(244,449)	(251,945)
Gross profit	137,620	132,472
Distribution costs	(32,918)	(31,750)
Administration expenses ²	(80,244)	(77,684)
Group operating profit	24,458	23,038

¹ The Group is organised into six divisions, Feedstock, Powergen, Resource Recovery, Environmental, Horticulture and Fuels. Analysis by business are based on the Group's management structure. No analysis of Group operating profit or assets by business segment is provided in accordance with SSAP 25, 'Segmental Reporting', as the directors are of the opinion that such disclosure would be seriously prejudicial to the Group's interests.

² Administration costs includes:

- the charge for reorganisation and redundancy costs of €745,000 (March 2010: release of €627,000). The Group operates a voluntary redundancy / early retirement scheme, and
- following the re-appraisal of certain of the Group's businesses, the Group have conducted impairment reviews of the Group's assets, in accordance with the Group's accounting policies. This process has resulted in an impairment charge of €6,837,000 against intangible assets (Note 7) (Goodwill €6,687,000 and Patents €150,000) which is included in administration expenses (March 2010: €5,206,000).

2. Profit before taxation (continued)

	2010/2011 €'000	2009/2010 €'000
Profit before taxation is arrived at after charging / (crediting)		
Auditors remuneration¹		
Statutory audit of Group accounts	340	340
Other assurance services	287	255
Tax advisory services	209	284
Other non-audit services	20	95
Operating lease rentals		
Plant and machinery	1,715	2,056
Land and buildings	1,119	1,069
Staff costs:		
Wages and salaries	101,654	95,733
Social welfare costs	10,490	10,069
Pension costs	3,753	4,427
	115,897	110,229
Staff costs capitalised	(857)	(436)
	115,040	109,793
Depreciation (Note 8)	39,106	33,741
Profit on disposal of peatlands	240	120
Loss on disposal of other fixed assets	(279)	(218)
Amortisation of intangible assets (Note 7)	3,723	3,904
Impairment of intangible assets (Note 7)	6,837	5,206
Environmental reinstatement costs	0	(605)
Research and business development expenditure	5,323	5,203
Capital grants amortised (Note 16)	(1,375)	(1,278)
Other finance charges (Note 5)	(7,731)	(10,139)
Number of employees	2010/2011	2009/2010
Average numbers employed		
Manufacturing and production	1,583	1,615
Administration	539	521
	2,122	2,136
Peak employment	2,332	2,380

¹ During the year, the Company obtained audit services from the Group's auditors to the value of €10,000 (2010: €10,000). A sum of €NIL (2010: €80,000) in respect of non-audit related services provided by the Group's auditors were capitalised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Dividends

	2010/2011 €'000	2009/2010 €'000
To the Minister for Communications, Energy and Natural Resources	3,296	4,994
To Bord na Móna ESOP Trustee Limited	173	263
	3,469	5,257

The Company paid a dividend of €0.05 per share during the year (2010: €0.08). The total dividend payment for the year was €3,469,000 (2010: €5,257,000) which represented 33% of the profits for the financial year ending 31 March 2010.

4. Directors' emoluments

	Fees €'000	Salary €'000	Performance related pay €'000	Company contributions to pension €'000	Taxable Benefits €'000	Total €'000
Executive Directors						
Gabriel D'Arcy						
Year ended 30 March 2011	13	231	0	58	20	322
Year ended 31 March 2010	13	231	57	58	20	379

Non executive Directors

Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4)
Other non executive directors (7)

	Fees €'000	Other emoluments €'000	Company contributions to pension €'000	Total €'000
	50	275	21	346
	97	0	0	97
Year ended 30 March 2011	147	275	21	443
Year ended 31 March 2010	146	218	13	377

5. Other finance (charges) / income

	2010/2011 €'000	2009/2010 €'000
(a) Interest and similar charges		
Interest receivable	6,232	4,498
Interest payable on borrowings wholly repayable within five years		
Bank overdraft and loan	(128)	(40)
Unsecured loan notes	(3,602)	(2,824)
Interest payable on borrowings wholly repayable after more than five years		
Unsecured loan notes	(12,273)	(9,443)
Amortisation of issue costs	(176)	(131)
Net interest payable	(9,947)	(7,940)
Less capitalised interest ¹	1,349	760
	(8,598)	(7,180)

5. Other finance (charges) / income (continued)

(b) Other finance income / (charges)

	2010/2011 €'000	2009/2010 €'000
Other finance income / (charges) - pension schemes (Note 24)	1,576	(2,200)
Notional interest on provision for environmental reinstatement costs (Note 17)	(709)	(759)
	867	(2,959)
Net other finance charges	(7,731)	(10,139)

¹ The Group capitalise interest on fixed asset projects that take a substantial period of time to complete. The interest is included as part of the initial measurement of the cost of the fixed asset (Note 8).

6. Taxation

	2010/2011 €'000	2009/2010 €'000
Taxation based on the profit for the year:		
Irish corporation tax		
Current tax for the year	4,431	2,821
Adjustments in respect of prior years	(167)	(276)
	4,264	2,545
Foreign taxation		
Current tax for the year	33	42
Adjustments in respect of prior years	0	(141)
	33	(99)
Total current tax (see note below)	4,297	2,446
Deferred tax - origination and reversal of timing differences (Note 17)	(490)	(9)
Tax on profits on ordinary activities	3,807	2,437

Factors affecting corporation tax charge for the year

Profit before taxation	16,727	12,899
Standard rate of corporation tax for the year	12.5%	12.5%
Profit before taxation multiplied by standard rate	2,091	1,612
Effects of:		
Expenses not deductible for tax purposes	168	77
Depreciation and amortisation in excess of capital allowances	1,294	1,525
Amortisation of intangible assets	466	459
Impairment of intangible assets	855	651
Utilisation of tax losses	(38)	(1,161)
Manufacturing relief	(119)	(286)
Taxation rate differences	29	25
Pension contribution relief in excess of pension cost charge	(282)	(39)
Adjustments in respect of prior years	(167)	(417)
	4,297	2,446

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Intangible assets

	Goodwill	Patents	Total	Goodwill	Patents	Total
THE GROUP	2011	2011	2011	2010	2010	2010
	€'000	€'000	€'000	€'000	€'000	€'000
AT COST						
At beginning of the financial year	64,260	503	64,763	63,592	503	64,095
Consideration and fair value adjustments	(79)	0	(79)	0	0	0
Arising on acquisition	0	0	0	645	0	645
Exchange adjustment	7	0	7	23	0	23
At end of the financial year	64,188	503	64,691	64,260	503	64,763
AMORTISATION						
At beginning of the financial year	20,015	252	20,267	10,998	151	11,149
Charge for year (Note 2)	3,622	101	3,723	3,803	101	3,904
Impairment	6,687	150	6,837	5,206	0	5,206
Exchange adjustment	2	0	2	8	0	8
At end of the financial year	30,326	503	30,829	20,015	252	20,267
NET BOOK AMOUNTS						
At beginning of the financial year	44,245	251	44,496	52,594	352	52,946
At end of the financial year	33,862	0	33,862	44,245	251	44,496

In accordance with the provisions of FRS 11 - 'Impairment of Fixed Assets', the Group has reviewed the carrying value of goodwill. The recoverable amount of the identified income generating units (IGU) was estimated based on a value in use calculation using cash flow projections based on the financial five year plans as approved by the Board. Cash flows beyond five years are extrapolated based on a perpetuity growth rate of 2.3% (2010: 2.3%) and a post tax weighted average cost of capital of 10.5% (2010: 9.8%) which are consistent with the Group's expectation for market development and growth in market share where applicable. Based on these reviews, the Group have provided for an impairment charge of €6,687,000 (2010: €5,206,000) on investments in the Resource Recovery sector.

The key assumptions which impact on the related value in use calculation are:

Volume and yield on domestic and commercial customers

Despite the reduced economic activity in Ireland, the business has maintained its collection volumes and increased its market share. Growth expectations for 2011 and 2012 are to remain weak but thereafter growth rates are expected to reflect an increase in economic activity. As waste collection volumes declined over the last 36 months, revenue yields on both domestic and commercial waste streams have also declined and gross margins have tightened. A gradual recovery in yields is anticipated in the projections.

Processing and end treatment costs

Processing costs have declined in the last 24 months as landfill gate fees have reduced as supply exceeds demand. Regulation changes increased the landfill levy from €25 per tonne to €30 per tonne in February 2010. Further increases in landfill levies up to €75 per tonne are expected which will impact on future processing costs.

Sensitivity

A movement in the growth rate of 1% would increase or decrease the recoverable amount of the IGU by €0.9 million. A movement in revenue yields of 1% would increase or decrease the recoverable amount by €1.3 million. A movement in processing costs of 1% would increase or decrease the recoverable amount by €1.7 million. A movement in the discount rate of 1% would increase or decrease the recoverable amount of the IGU by €1.8 million.

7. Intangible assets (continued)

	Patents 2011 €'000
THE COMPANY	
AT COST	
At beginning of the financial year	503
Additions	0
At end of the financial year	503
AMORTISATION	
At beginning of the financial year	252
Charge for year	101
Impairment	150
At end of the financial year	503
NET BOOK AMOUNTS	
At beginning of the financial year	251
At end of the financial year	0

8. Tangible assets

	Peatland, Drainage & Production Buildings €'000	Landfill €'000	Railways, Plant & Machinery €'000	Generating Assets €'000	Freehold land, Administration & Research Buildings €'000	Assets in course of construction €'000	Total €'000
(i) THE GROUP							
AT COST							
At 31 March 2010	116,031	19,280	237,895	103,103	15,623	41,468	533,400
Additions at cost ¹	3,316	1,350	18,610	19,453	2,036	3,223	47,988
Disposals	0	0	(1,729)	0	(53)	0	(1,782)
Transfers from projects in progress	0	3,683	810	38,513	0	(43,006)	0
Exchange adjustment	0	0	(12)	0	(2)	(8)	(22)
At 30 March 2011	119,347	24,313	255,574	161,069	17,604	1,677	579,584
ACCUMULATED DEPRECIATION							
At 31 March 2010	77,510	7,292	161,832	28,476	5,619	0	280,729
Charge for year (Note 2)	8,394	4,917	16,956	8,301	538	0	39,106
Disposals	0	0	(1,444)	0	(31)	0	(1,475)
Exchange adjustment	0	0	(5)	0	(2)	0	(7)
At 30 March 2011	85,904	12,209	177,339	36,777	6,124	0	318,353
NET BOOK VALUE							
At 31 March 2010	38,521	11,988	76,063	74,627	10,004	41,468	252,671
At 30 March 2011	33,443	12,104	78,235	124,292	11,480	1,677	261,231

¹ Included in additions is a sum of €1,206,000 (2010: €NIL) in respect of a restoration asset for the landfill site (Note 17) and a sum of €1,349,000 (2010: €760,000) in respect of interest capitalised on assets in the course of construction during the year (Note 5). The rate of interest applied was 7.3% (2010: 7.3%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Tangible assets (continued)

	Peatland, Drainage & Production Buildings €'000	Railways, Plant & Machinery €'000	Freehold land, Administration & Research Buildings €'000	Total €'000
(ii) THE COMPANY				
AT COST				
At 31 March 2010	559	8,984	5,888	15,431
Additions at cost ¹	0	985	0	985
Disposals	0	(184)	(16)	(200)
At 30 March 2011	559	9,785	5,872	16,216
ACCUMULATED DEPRECIATION				
At 31 March 2010	0	6,108	3,765	9,873
Charge for year	0	1,534	242	1,776
Disposals	0	(184)	(16)	(200)
At 30 March 2011	0	7,458	3,991	11,449
NET BOOK VALUE				
At 31 March 2010	559	2,876	2,123	5,558
At 30 March 2011	559	2,327	1,881	4,767

¹ Included in additions at cost is a sum of €NIL (2010: €760,000) in respect of interest capitalised on assets in the course of construction during the year. The rate of interest applied was 7.3%.

The tables above include valuations performed by the former Bord na Móna which transferred its assets to Bord na Móna plc on 30 December 1998 on its dissolution pursuant to the Turf Development Act, 1998.

9. Investment properties

	2011 €'000	2010 €'000
At beginning of the financial year	13,600	19,000
Revaluation during the year	(1,700)	(5,400)
At end of the financial year	11,900	13,600

The investment property was valued as at 30 March 2011 by DTZ Sherry Fitzgerald, acting as external valuers and the valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards (6th Edition) on the basis of open market value. The historical cost of investment properties is €9,437,000.

10. Financial assets

THE COMPANY	Unlisted shares €'000	Subsidiary undertakings		Total €'000
		Convertible loan stock €'000	Loans €'000	
At beginning of the financial year	43,584	1,512	87,766	132,862
Impairment during the year	(18,184)	0	0	(18,184)
At end of the financial year	25,400	1,512	87,766	114,678

The Company has reviewed the carrying value of investments in subsidiary companies as at 30 March 2011. The review resulted in an impairment of the value of unlisted shares of €18,184,000 (2010: €5,206,000)

10. Financial assets (continued)

The convertible loan stock was issued by the company's 55% owned subsidiary, Derryarkin Sand and Gravel Limited, with the balance of the stock held by the minority shareholders (Note 19). It is convertible at par value into ordinary shares of Derryarkin Sand and Gravel Limited by agreement between the stockholders and the company. All convertible stock not previously redeemed or converted will be redeemed at par upon the expiration of ten years from the date of issue.

The principal subsidiary companies in the Group at 30 March 2011 are as follows:

Company	Business	Registered office	Shareholding %
Bord na Móna Energy Limited	Production and sale of milled peat	Newbridge, Co. Kildare	100
Bord na Móna Allen Peat Limited	Production and sale of milled peat	Newbridge, Co. Kildare	100
Renewable Energy Ireland Limited	Wind energy	Newbridge, Co. Kildare	89
Edenderry Power Limited	Power generation	Newbridge, Co. Kildare	100
Edenderry Power Operations Limited	Maintenance of power plants	Newbridge, Co. Kildare	100
Cushaling Power Limited	Power generation	Newbridge, Co. Kildare	100
Bord na Móna Fuels Limited	Production, sale and distribution of solid fuels	Newbridge, Co. Kildare	100
BnM Fuels Limited	Production, sale and distribution of solid fuels	Newbridge, Co. Kildare	100
Suttons Oil Limited	Distribution of oil	Newbridge, Co. Kildare	100
Suttons Limited	Distribution of oil	Newbridge, Co. Kildare	100
Bord na Móna Horticulture Limited	Production and sale of horticultural products	Newbridge, Co. Kildare	100
Bord na Móna Environmental Limited	Production, sale and installation of environmental products.	Newbridge, Co. Kildare	100
Bord na Móna Environmental Products (UK) Limited	Sale and installation of environmental products	Bridgewater, Somerset, England	100
Acorn Environmental Systems Limited	Sale and installation of environmental products	Bridgewater, Somerset, England	100
Bord na Móna USA Inc	Sale and installation of environmental products	Delaware, U.S.A.	100
Advanced Environmental Solutions (Ireland) Limited	Resource recovery and recycling	Newbridge, Co. Kildare	100
Bord na Móna Property Limited	Property holding company	Newbridge, Co. Kildare	100
Derryarkin Sand and Gravel Limited	Extraction and sale of sand and gravel	Newbridge, Co. Kildare	55

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its subsidiaries. As a result, these companies will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

11. Stocks

	THE GROUP	
	2011 €'000	2010 €'000
Raw materials	15,415	10,148
Work in progress	34	184
Finished goods	61,467	47,233
Maintenance spares	6,201	6,189
	83,117	63,754

The replacement cost of stocks is not significantly different from their balance sheet values.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Debtors

	THE GROUP		THE COMPANY	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Trade debtors	56,030	54,222	0	0
Amounts due from subsidiary companies	0	0	215,561	184,153
Value-added tax	0	0	176	134
Corporation tax	1,685	687	106	110
Deferred tax (Note 17(e))	2,050	1,502	281	33
Prepayments and accrued revenue	14,196	12,782	2,981	4,819
Other debtors	2,100	2,796	372	1,317
	76,061	71,989	219,477	190,566
Amounts fall due as follows:				
- within one year	75,392	71,343	70,373	63,481
- after more than one year	669	646	149,104	127,085
	76,061	71,989	219,477	190,566

13. Creditors - amounts falling due within one year

	THE GROUP		THE COMPANY	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Bank loans and overdraft (Note 15)	621	1,137	111,920	101,347
Capital grants (Note 16)	1,438	1,259	0	0
Trade creditors and accruals	39,189	33,623	354	505
Deferred revenue	8,038	4,100	0	0
Other accruals	27,653	27,780	8,627	8,823
Other creditors	7,759	10,101	0	0
Amounts due to subsidiaries companies	0	0	16,687	17,096
Creditors in respect of taxation and social welfare (see below)	7,400	5,769	2,581	2,544
	92,098	83,769	140,169	130,315

Creditors in respect of taxation and social welfare comprise:

Income tax deducted under PAYE	1,456	1,191	1,436	1,178
Pay-related social insurance	994	1,376	972	1,366
Corporation tax	3,525	1,607	0	0
Value-added tax	1,212	978	0	0
Other taxes	213	617	173	0
	7,400	5,769	2,581	2,544

14. Creditors - amounts falling due after more than one year

	THE GROUP		THE COMPANY	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Unsecured loan notes (Note 15)	262,865	262,689	262,865	262,689
Capital grants (Note 16)	13,446	14,469	0	0
	276,311	277,158	262,865	262,689

15. Bank loans, overdrafts and unsecured notes

THE GROUP	Within One Year €'000	Between One and Two Years €'000	Between Two and Five Years €'000	After more than Five Years €'000	Total €'000
Overdrafts	621	0	0	0	621
Unsecured loan notes	0	0	60,092	202,773	262,865
At 30 March 2011	621	0	60,092	202,773	263,486
At 31 March 2010	1,137	0	60,291	202,398	263,826
THE COMPANY					
Overdrafts	111,920	0	0	0	111,920
Unsecured loan notes	0	0	60,092	202,773	262,865
At 30 March 2011	111,920	0	60,092	202,773	374,785
At 31 March 2010	101,347	0	60,291	202,398	364,036

On 30 March 2011 the Group had US\$355,000,000 fixed rate debt (€263,891,375 equivalent) arising from two US private placement transactions, which were completed on 22 June 2006 (US\$150,000,000 : €117,462,803) and 6 August 2009 (US\$205,000,000 : €146,428,572). In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes. The maturity profile of the unsecured loan notes is 7% repayable in June 2013, 16% repayable in 2014, 25% repayable in 2016, 12% repayable in 2017, 19% repayable in 2018 and 21% repayable in 2019.

Fair value of the financial instruments

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation or sale. The carrying amounts (book value) and fair value amounts of the Group's liabilities were:

THE GROUP	2011 Book Value €'000	2011 Fair Value €'000	2010 Book Value €'000	2010 Fair Value €'000
Fixed rate debt US private placement 22 June 2006	117,463	98,885	117,463	120,005
Fixed rate debt US private placement 6 August 2009	146,429	145,222	146,429	146,708
Total fixed rate debt US private placement	263,892	244,107	263,892	266,713

The mark to market losses at 30 March 2011 on open foreign exchange contracts that hedge the foreign currency risk of anticipated expenditure was €NIL (2010: €41,423). The nominal value of the open foreign exchange contracts was €NIL (2010: €19,453,532).

16. Deferred income - capital grants

	THE GROUP	
	2011 €'000	2010 €'000
At beginning of the financial year	15,728	17,006
Additions	531	0
Amortised during the year (Note 2)	(1,375)	(1,278)
At end of the financial year	14,884	15,728
Amounts due as follows:		
- within one year (Note 13)	1,438	1,259
- after more than one year (Note 14)	13,446	14,469
	14,884	15,728

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17. Provisions for liabilities and charges

THE GROUP

	Environmental Reinstatement €'000	Reorganisation & Redundancy €'000	Insurance €'000	Other €'000	Deferred Tax excluding deferred tax on pension deficit €'000	Total €'000
At 31 March 2010	27,016	521	9,860	224	8,828	46,449
Charge to the profit and loss account	0	941	1,743	15	0	2,699
Credit to the profit and loss account	0	(396)	(1,728)	(93)	(422)	(2,639)
Notional interest (Note 5)	709	0	0	0	0	709
Capitalised during the year	1,206	0	0	0	0	1,206
Utilised during the year	(172)	(316)	(1,315)	(69)	0	(1,872)
At 30 March 2011	28,759	750	8,560	77	8,406	46,552

THE COMPANY

	Environmental Reinstatement €'000	Reorganisation & Redundancy €'000	Insurance €'000	Other €'000	Deferred Tax excluding deferred tax on pension deficit €'000	Total €'000
At 31 March 2010	3,149	0	9,038	0	0	12,187
Charge to the profit and loss account	0	0	1,743	0	0	1,743
Credit to the profit and loss account	0	0	(1,206)	0	0	(1,206)
Utilised during the year	(19)	0	(1,315)	0	0	(1,334)
At 30 March 2011	3,130	0	8,260	0	0	11,390

(a) Environmental Reinstatement

Environmental reinstatement costs include:

(i) Costs that will be incurred at the end of the economic lives of the peatlands. Under FRS 12 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for these costs when the circumstances giving rise to the obligation under the company's I.P.C. licence to make the reinstatement occur. The provision of €13,038,000 represents the present value of the expected future costs of reinstatement. These future costs will be charged to the provision as incurred. Notional interest on the provision is charged to the profit and loss account to reflect the discounted value over the expected life of the provision. A bog rehabilitation programme commenced in 2006 following the cessation of peat harvesting at the Oweninny works. The programme continued during the year ended 30 March 2011.

(ii) Environmental provisions of €8,231,000 recognised in accordance with FRS 12 and FRS 7 'Fair Value in Acquisition Accounting', in respect of the Group's assessment of environmental liabilities arising on acquisition of the AES business on 15 May 2007. These provisions represent liabilities in relation to a number of AES sites which were in existence prior to the Group's acquisition of the business. The provisions are based on the Group's estimate of future remediation costs, based on advice received from third party environmental experts.

(iii) The cost of final capping and covering of landfill sites post closure of the landfill facility. In accordance with FRS 12, the Group's minimum unavoidable costs have been measured at 30 March 2011 and the net present value fully provided for with total associated costs of €1,747,000 capitalised within fixed assets. The Group continue to review the composition and quantum of these costs which may be impacted by a number of factors including changes in legislation and technology. The total post closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately thirty years.

(iv) Certain other environmental restoration costs are recognised in accordance with the provisions of FRS 12, being the Group's estimate of waste removal and waste management costs associated with certain of their lands. These costs may be impacted by a number of factors including changes in legislation and technology. These estimates are reviewed annually based on advice from third party environmental experts.

17. Provisions for liabilities and charges (continued)

(b) Reorganisation and Redundancy

A provision for reorganisation and redundancy costs is recognised when a constructive obligation exists. The provision represents the Directors' best estimate of the cost of these measures and it is expected to be used within the next year. Included in debtors at March 2011 is a sum of €217,000 (2010: €899,000) which is recoverable from the Department of Enterprise, Trade and Innovation.

(c) Insurance

The insurance provision relates to employers, public and product liability claims covered under the Group's self-insurance policy. This provision is determined on completion of a case by case assessment.

(d) Other

Other provisions covers various anticipated warranty and other costs, including costs yet to be incurred relating to contracting work carried out.

(e) Deferred Tax

The deferred tax provision is comprised of:

	THE GROUP		THE COMPANY	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Accelerated capital allowances	7,474	8,333	(153)	(119)
Provisions	(299)	(205)	(128)	86
Unutilised tax losses	(819)	(802)	0	0
Undiscounted provision for deferred tax	6,356	7,326	(281)	(33)
Pension asset - deferred tax liability (Note 24)	693	418		
Pension liability - deferred tax asset (Note 24)	(2,618)	(2,700)		
Deferred tax including that relating to pension deficit	4,431	5,044		
Deferred tax at the beginning of the financial year	5,044	1,451	(33)	(71)
Deferred tax (credit) / charge in the profit and loss account excluding charge related to pensions	(970)	(48)	(248)	38
Deferred tax charge in the profit and loss account related to pensions	480	39	0	0
Net deferred tax (credit) / charge in the profit and loss account (Note 6)	(490)	(9)	(248)	38
Deferred tax (credit) / charge on pension liability in statement of total recognised gains and losses	(123)	3,602	0	0
Provision at the end of the financial year	4,431	5,044	(281)	(33)
Deferred tax provision	8,406	8,828	0	0
Deferred tax asset (Note 12)	(2,050)	(1,502)	(281)	(33)
Deferred tax liability related to pension fund asset (Note 24)	693	418	0	0
Deferred tax asset related to pension fund liability (Note 24)	(2,618)	(2,700)	0	0
	4,431	5,044	(281)	(33)

At 30 March 2011 the Group had other potential deferred tax assets amounting to €797,000 (March 2010: €478,000). These assets have not been recognised due to uncertainty over recoverability.

NOTES TO THE FINANCIAL STATEMENTS

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18. Share capital

	2011	2010
	€'000	€'000
Authorised 300,000,000 ordinary shares of €1.27 each	380,921	380,921

Allotted and fully paid	2011 Share Capital €'000	2011 Share Premium €'000	2011 Total €'000	2010 Share Capital €'000	2010 Share Premium €'000	2010 Total €'000
At beginning of the financial year	82,804	1,959	84,763	82,804	1,959	84,763
At end of the financial year	82,804	1,959	84,763	82,804	1,959	84,763

At 30 March 2011 the total number of ordinary shares allotted and fully paid was 65,212,638 (March 2010: 65,212,638).

In December 2008, Bord na Móna plc put in place an Employee Share Ownership Plan (ESOP) to facilitate the issue of 5% of the issued share capital of Bord na Móna plc to eligible employees of the Company and its Irish subsidiaries. These shares were provided to employees in return for the agreed business transformation achieved over recent years.

The principal rights attaching to each share include the right to exercise a vote at annual general meetings of the shareholders, entitlement to dividends from profits when declared and the right to proportionate participation in a surplus on winding up. The shares were issued at a value of €1.87 per share which resulted in a share premium of €1,959,000. The shares are held by the Trust for a period of up to three years before being appropriated to the eligible participants through the Approved Profit Sharing Scheme (APSS). The participants were given the option on the allocation date, the first anniversary of the allocation date and again on the second anniversary of the allocation date to transfer to the APSS.

19. Minority shareholders' interests

	Equity interests €'000	Non-equity interests €'000	Total €'000
At 31 March 2010	219	1,238	1,457
Share of loss for the financial year	(207)	0	(207)
At 30 March 2011	12	1,238	1,250

20. Amounts included in cash flow statement

(a) Reconciliation of operating profit to net cash flow from operating activities

	2010/2011 €'000	2009/2010 €'000
Operating profit	24,458	23,038
Depreciation of tangible assets	39,106	33,741
Amortisation of intangible assets	3,723	3,904
Impairment of intangible assets	6,837	5,206
Loss on sale of fixed assets	39	98
Amortisation of capital grants	(1,375)	(1,278)
Difference between restructuring charge and payments	229	(2,284)
Difference between pension charge and cash contributions	(2,263)	(1,513)
(Increase) / decrease in stocks	(19,363)	15,971
(Increase) / decrease in debtors	(3,749)	6,106
Increase / (decrease) in creditors	9,197	(17,388)
NET CASH INFLOW FROM OPERATING ACTIVITIES	56,839	65,601

(b) Analysis of cash flows for headings in the cash flow statement

	2010/2011 €'000	2009/2010 €'000
Returns on investments and servicing of finance		
Interest paid	(16,363)	(10,927)
Interest received	7,986	961
Unsecured loan note issue costs	0	(988)
NET CASH OUTFLOW	(8,377)	(10,954)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(49,472)	(49,928)
Proceeds from disposal of fixed assets	268	127
NET CASH OUTFLOW	(49,204)	(49,801)
Financing		
Unsecured loan notes advanced	0	146,428
NET CASH INFLOW	0	146,428

(c) Analysis of net debt

	At beginning of year €'000	Cash flow €'000	At end of year €'000
Cash at bank and in hand	206,761	(7,928)	198,833
Debt due within one year - bank loans (Note 13)	(1,137)	516	(621)
Debt due after more than one year	(263,891)	0	(263,891)
Net debt before unsecured loan issue costs	(58,267)	(7,412)	(65,679)
Unsecured loan note issue costs (Note 5)	1,202		1,026
Net debt	(57,065)		(64,653)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Capital commitments

Expenditure contracted for but not provided for in these accounts is estimated to be as follows:

	2011	2010
	€'000	€'000
THE GROUP		
Tangible asset commitment	3,598	29,408
	3,598	29,408
THE COMPANY		
Tangible asset commitment	0	0
	0	0

22. Financial commitments

At 30 March 2011 there were annual commitments under non-revocable operating leases expiring as follows

	Land and Buildings 2011	Plant and Machinery 2011	Land and Buildings 2010	Plant and Machinery 2010
	€'000	€'000	€'000	€'000
THE GROUP				
Operating leases which expire:				
Within one year	55	519	98	739
Within one to five years	372	812	400	1,221
After five years	674	0	674	0
	1,101	1,331	1,172	1,960
THE COMPANY				
Operating leases which expire:				
Within one year	0	65	0	59
Within one to five years	0	96	0	162
	0	161	0	221

23. Guarantees and contingent liabilities

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, Bord na Móna plc has irrevocably guaranteed the liabilities of its wholly owned subsidiaries: Bord na Móna Energy Limited; Bord na Móna Allen Peat Limited; Edenderry Power Limited; Edenderry Power Operations Limited; Cushaling Power Limited; Bord na Móna Horticulture Limited; Bord na Móna Environmental Limited; Bord na Móna Property Limited; Bord na Móna Fuels Limited; BnM Fuels Limited; Suttons Limited; Suttons Oil Limited; Advanced Environmental Solutions (Ireland) Limited and Midland Waste Disposal Company Limited. As a result, these companies are exempt from the provisions of Section 7, Companies (Amendment) Act, 1986.

In the normal course of business the Group enters into various guarantees. At 30 March 2011 the value of these guarantees was €7,144,000 (2010: €7,895,000).

From time to time Group companies are party to various negotiations over contractual commitments or obligations, various legal proceedings and in respect of industrial relations matters arising in the normal course of business. It is the opinion of the Directors that these negotiations and proceedings will have no material adverse impact on the financial position of the Group.

24. Pension schemes

(i) Defined benefit schemes

(a) Description of the Bord na Móna Pension schemes

The Group operates three contributory defined benefit pension schemes covering the majority of employees, each of which is funded by contributions from the Group and the members. Contributions are based on the advice of a professional qualified actuary obtained at regular intervals at average rates of pensionable emoluments.

The two principal schemes in operation are the General Employees Superannuation Scheme (GESS) which covers management, professional and clerical employees and the Regular Works Employees Superannuation Scheme (RWESS) which covers remaining categories of employees. A third scheme BnM Fuels Pension scheme covers employees who became Group employees on the acquisition of the Coal Distributors Group, Sutton Group and Sheehan and Sullivan.

Bord na Móna plc had awarded unfunded pension benefits to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the balance sheet at €3,922,000 based on an actuarial valuation at 30 March 2011 (March 2010: €4,053,000).

(b) Actuarial valuations and funding position of schemes

The actuarial method used (aggregate method) determines a contribution rate which should, if continued until the last of the present members retires, provide a fund which is sufficient to provide their benefits. The assumptions which have the most significant effect on the results of the actuarial valuation are those relating to the return on investments and the rate of increase in remuneration.

The most recent valuations for the GESS and RWESS schemes are dated 31 March 2008 and the BnM Fuels scheme valuation is dated 1 April 2009. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 3% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €255.2 million.

The most recent actuarial valuations of these three schemes showed the following:

- (i) a deficit of €16.2 million on the GESS scheme
- (ii) a deficit of €3.5 million on the BnM Fuels scheme and
- (iii) a surplus of €25.1 million on the RWESS scheme.

At March 2008 after allowing for expected future increases in earnings and pensions in payment, the valuations indicated that the actuarial value of total scheme assets was sufficient to cover 82% of the benefits that had accrued to the members of the GESS scheme and in excess of 100% of the benefits that had accrued to the members of the RWESS scheme at the valuation dates. These actuarial valuations are available for inspection by members of the schemes but not for public inspection.

In common with many other defined benefit pension schemes, two of the three defined benefit plans are in net deficits, when the total value of the respective scheme assets is compared to the actuarial value of the accrued benefits of the members.

24. Pension schemes (continued)

A funding proposal to address the RWESS scheme benefits was approved by the Board and Shareholders and active members during the 2010 financial year. The revised funding arrangement required the active members to increase their contribution rate by 1.5% of their pensionable salary. The Group agreed to match the active members contributions. The approved terms of the revised funding proposals include the provision of increased benefits for members under the N200, which provided for improved benefits for members whose uplifted pensionable salary falls below a threshold multiple of the State pension. The past service cost associated with providing the increased benefits in the year to 31 March 2010 was €828,000. The other terms of the restructuring arrangements included a cap on pensionable salaries and the closure of the scheme to new entrants.

The increased benefits provided to those active members, effective from 1 January 2010, accrues over future service from 1 January 2010 until the sixtieth birthday of each member. The present value of the estimated cost at 30 March 2011 was €6,900,000 at 30 March 2011 and the Group will meet the capital cost by way of fixed annual capital payments on 30 June over a period of no more than twelve years.

Discussions in relation to the GESS deficit are ongoing with the various stakeholders with a view to formulating an agreed funding proposal. Current pensions regulations allow in situations such as this, for a funding solution over a period of up to 10 years. A funding solution over such a period would allow the scheme to benefit from both additional employer and employee contributions and also from a potential recovery in global equity markets, which would increase the value of the scheme assets.

(c) FRS 17 'Retirement Benefits'

For the purposes of FRS 17 the actuarial valuations of the defined benefit schemes were updated to 30 March 2011 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 30 March 2011.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the 'balance of cost' defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 30 March 2011, 100% of the pension scheme deficits on the GESS and BnM Fuels defined benefit schemes have been recognised in the financial statements. The RWESS defined benefit scheme had a surplus and the Group has accounted for its share of the pension scheme surpluses on a 50:50 basis between members and the Group. As 100% of the current service cost and finance costs were charged to the profit and loss account in the past, this amount has been reflected in the statement of recognised gains and losses during the year ended 30 March 2011 as noted below.

Current service costs, determined using the projected unit method and any past service items stemming from benefits enhancements or curtailments are dealt with as components of operating costs or set against provisions as appropriate. The interest cost associated with the pension schemes' liabilities together with the expected return on pension schemes' assets are included within other finance income/charge in the profit and loss account.

24. Pension schemes (continued)

The amounts recognised in the Balance Sheet are as follows:

	March 2011 €'000	March 2010 €'000
Fair value of the schemes' assets	240,225	233,444
Present value of schemes' liabilities and unfunded pensions liability	(254,012)	(252,417)
Members' share of surplus	(5,541)	(3,339)
Revised present value of schemes' liabilities and unfunded pension liabilities	(259,553)	(255,756)
Pension deficit	(19,328)	(22,312)
Related net deferred tax asset (Note 17(e))	1,925	2,282
Net pension deficit	(17,403)	(20,030)

The net pension deficit is comprised as follows:

Pension asset	5,541	3,339
Related net deferred tax liability (Note 17(e))	(693)	(418)
Pension asset net of deferred tax as per Group balance sheet	4,848	2,921
Pension deficit	(24,869)	(25,651)
Related net deferred tax asset (Note 17(e))	2,618	2,700
Pension deficit net of deferred tax as per Group balance sheet	(22,251)	(22,951)
Net pension deficit	(17,403)	(20,030)

The amounts recognised in the Profit and Loss Account are as follows:

	2010/2011 €'000	2009/2010 €'000
Analysis of the amount charged to operating profit		
Current service cost	(2,999)	(1,788)
Past service cost	0	(828)
	(2,999)	(2,616)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	14,854	11,409
Interest on schemes' liabilities	(13,278)	(13,609)
Net return on finance income (Note 5)	1,576	(2,200)
Total profit and loss account charge	(1,423)	(4,816)
Actual return on schemes' assets	10,287	51,424

The amounts recognised in the Statement of Total Recognised Gains and Losses are as follows:

Actual return less expected return on schemes' assets	(4,567)	40,015
Experience gains arising on schemes' liabilities	5,914	7,220
Changes in assumptions underlying the present value of schemes' liabilities	0	(14,171)
Actuarial gain recognised	1,347	33,064
Members' share of scheme surplus at 30 March 2011	(2,202)	(3,339)
Actuarial (loss) / gain recognised by the Group	(855)	29,725

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 30 March 2011 is €25,513,000 (2010: €24,658,000 actuarial loss).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Pension schemes (continued)

Balance Sheet as at 30 March 2011

Movement in schemes' assets and liabilities

	Scheme Assets €'000	Scheme Liabilities €'000	Scheme Deficit €'000
At 25 March 2009	186,484	(237,834)	(51,350)
Service cost charged to the profit and loss account	0	(1,788)	(1,788)
Past service cost charged to the profit and loss account	0	(828)	(828)
Interest on liabilities	0	(13,609)	(13,609)
Expected return on assets	11,409	0	11,409
Members' share of pension surplus at start of year	0	(3,339)	(3,339)
Actual less expected return on scheme assets	40,015	0	40,015
Experience losses on liabilities	0	7,220	7,220
Change in actuarial assumptions	0	(14,172)	(14,172)
Contributions by members	3,385	(3,385)	0
Employers contributions paid	4,130	0	4,130
Benefits paid	(11,979)	11,979	0
At 31 March 2010	233,444	(255,756)	(22,312)
Service cost charged to the profit and loss account	0	(2,999)	(2,999)
Interest on scheme liabilities	0	(13,278)	(13,278)
Expected return on assets	14,854	0	14,854
Members' share of pension surplus	0	(2,202)	(2,202)
Actual less expected return on assets	(4,567)	0	(4,567)
Experience losses on liabilities	0	5,914	5,914
Change in actuarial assumptions	0	0	0
Contributions by members	3,753	(3,753)	0
Employers contributions paid	5,262	0	5,262
Benefits paid	(12,521)	12,521	0
At 30 March 2011	240,225	(259,553)	(19,328)

All of the schemes' liabilities with the exception of the liability in respect of the pensions paid to former managing directors are funded.

Expected contributions for the year to 31 March 2012 are €4,835,000.

24. Pension schemes (continued)

Risks and rewards arising from the assets

At 30 March 2011 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities, properties and cash. The fair value of the assets at year end was €240,225,000 (2010: €233,444,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	March 2011 %	March 2010 %
Equities	60.3	63.1
Bonds	26.9	26.9
Property	5.5	5.7
Cash	7.3	4.3
Total	100	100

The schemes' assets do not include any ordinary shares issued by the Company. In addition, schemes' assets do not include property occupied by, or other assets used by the Company.

Basis of expected return on schemes' assets

The expected return on the schemes' assets is determined based on the weighted average expected return of the underlying asset class. For equities the expected return is 7.5% and is expected to exceed that of bonds by on average 4.5%. The expected rate of return on cash is 3% and for property assets the expected rate of return is 5.5%. The overall expected rate of return on schemes' assets at 30 March 2011 was 6.26% (2010: 6.41%).

Financial assumptions

The main financial assumptions (long term actuarial assumptions) used in the valuations were:

	March 2011	March 2010
Rate of increase in salaries	3.00%	3.00%
Rate of increase in pensions in payment - RWESS scheme	1.25%	1.25%
Rate of increase in pensions in payment - GESS scheme	0.00%	0.00%
Discount rate	5.25%	5.25%
Inflation assumption	1.75%	1.75%

Mortality assumptions

The mortality assumptions are based on standard tables reflecting typical pensioner mortality. The tables used are based on mortality rates in the year 2030 for all employees without allowance for additional improvements.

Retiring today	March 2011	March 2010
Males	20.5	20.5
Females	23.4	23.4

A male is assumed to be three years older than his spouse.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Pension schemes (continued)

History of defined benefit obligations, assets and experience gains and losses

The movement on the schemes' assets and liabilities for the current and previous four years are as follows:

	2010/2011 €'000	2009/2010 €'000	2008/2009 €'000	2007/2008 €'000	2006/2007 €'000
Defined benefit present value of obligation	(254,012)	(252,417)	(237,834)	(266,464)	(290,670)
Fair value of plan assets	240,225	233,444	186,484	253,672	281,654
Pension deficit	(13,787)	(18,973)	(51,350)	(12,792)	(9,016)
Experience adjustments arising on:					
the schemes' liabilities	5,914	7,220	7,686	3,787	2,302
as a percentage of the schemes' liabilities at March	2.3%	2.9%	3.2%	1.4%	0.8%
the schemes' assets	(4,567)	40,015	(72,302)	(41,173)	4,260
as a percentage of the schemes' assets at March	(1.9%)	17.1%	(38.8%)	(16.2%)	1.9%

The 2010 and 2011 scheme assets are stated at bid market values. The 2007, 2008 and 2009 scheme assets have been restated to bid market values.

Company pension fund liability

	March 2011 €'000	March 2010 €'000
At beginning of the financial year	4,053	3,966
Utilised during year	(346)	(346)
Charge for year	215	433
At end of the financial year	3,922	4,053

Sensitivity analysis for principal assumptions used to measure scheme liabilities.

There are a number of inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The table below outlines the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in Assumption	Present value of plan liabilities	Impact on plan liabilities	% Impact on plan liabilities
Discount rate	0.25%	246,865	(7,147)	-3
Salary inflation	0.25%	256,222	2,210	1
Pension escalation	0.25%	257,468	3,456	1

(ii) Defined contribution schemes and personal retirement savings accounts (PRSA)

The Group made employer contributions payable under a defined contribution scheme in respect of certain employees. Contributions payable by the employer to the defined contribution schemes in the year to 30 March 2011 amounted to €223,087 (2010: €393,000) which were charged to the profit and loss account and €53,000 (2010: €325,000) was payable at year end.

In addition and in compliance with the provisions of the Pensions Act 1990 (as amended), Bord na Móna plc has appointed personal retirement savings accounts (PRSAs) providers. During the year to 30 March 2011 the Group contributed €531,256 (2010: €567,000) on behalf of its employees. This was charged to the profit and loss account and €2,765 (2010: €7,789) was payable at year end.

25. Related party transactions

Ownership of the Company: Bord na Móna is a majority state owned company. 95% of the issued share capital is held by the Minister for Communications, Energy and Natural Resources and by or on behalf of the Minister for Finance. The other 5% is held by the employees of the Group.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods, property and provided services to entities controlled by the Irish Government, the principal of these being ESB. The Group operates a long-term agreement with ESB in relation to the sale of peat and provision of ancillary services to the power stations. Supply of these services amounted to €121.5 million in 2010/2011 and amounts due from these entities to the Group at 30 March 2011 for these services amounted to €13.7 million.

From time to time the Group placed monies on deposit with financial institutions controlled by the State. The Group had placed monies on deposit of €70 million with Allied Irish Banks plc (A.I.B) at 30 March 2011. The Group earned rental income from Anglo Irish Bank of €1.4 million during the year.

26. Post balance sheet events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the accounts. There were a number of bog fires in May and June 2011 in which some peat stock piles were lost and unrecoverable. The production cost of the inventory which was lost or is unrecoverable is anticipated to be in the region of €1.7 million. This event was non-adjusting at 30 March 2011.

27. Board approval

The Board approved the financial statements on 23 June 2011.

BUSINESS ADDRESSES

Bord na Móna plc

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Fax: 045 439001
E-mail: info@bnm.ie
Web: www.bordnamona.ie

AES (Ireland) Limited

1 Monread Commercial Park
Monread Road
Naas
Co. Kildare
Tel: 045 843800
Fax: 045 981621
Web: www.aesirl.ie

Bord na Móna Fuels Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Fax: 045 432886
Web: www.bordnamonafuels.ie

Bord na Móna Energy Limited (Powergen)

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Web: www.bordnamona.ie

Bord na Móna Environmental Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Fax: 045 432312
E-mail: ed.info@bnm.ie
Web: www.anuaenv.ie www.anua-us.com www.anua.co.uk

Bord na Móna Energy Limited (Feedstock)

Boora
Leabeg
Tullamore
Co. Offaly
Tel: 057 9345900
Fax: 057 9345160
Web: www.bordnamona.ie

Bord na Móna Horticulture Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439848
Fax: 045 439849
Web: www.bordnamonahorticulture.ie

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BORD NA MÓNA

Bord na Móna T: (045) 439000
Main Street F: (045) 439001
Newbridge E: info@bnm.ie
Co Kildare U: <http://www.bordnamona.ie>