BORD NA MÓNA

annual report 2012

www.bordnamona.ie

short-term challenges

long-term cmmitments

Contents

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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.

Group Performance Indicators

Financial Summary

	2011/2012 €'000	2010/2011 €'000
Turnover	**383,826**	382,069
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**61,146**	72,749
Operating (loss)/profit	**(2,886)**	24,458
(Loss)/profit before tax	**(12,742)**	16,727
(Loss)/profit after tax	**(16,261)**	12,920
Net debt	**66,714**	64,653

Turnover

	2011/2012 €'million	2010/2011 €'million
Feedstock	**62.9**	69.5
Powergen	**71.3**	60.5
Resource Recovery	**65.5**	56.2
Environmental & Other	**12.5**	13.6
Retail	**171.6**	182.3
	383.8	382.1

Ratios

	2011/2012	2010/2011
EBITDA/turnover	**15.9%**	19.0%
Debt/Equity	**37%**	28%
EBITDA/Interest cover (times)	**5.8**	7.3
Current ratio (times)	**1.9**	1.7

	2011/2012	2010/2011
Payroll costs €'000 (gross of employer's pension costs)	**109,103**	115,897
Payroll costs €'000 (net of employer's pension costs)	**105,747**	112,144
Numbers employed at peak	**2,468**	2,332
Average employment numbers	**2,141**	2,112

Production Statistics

	2011/2012 '000	2010/2011 '000
Milled peat (tonnes)	**3,572**	4,812
Growing media (cubic metres)	**1,864**	1,874
Briquettes (tonnes)	**202**	238

Chairman's Statement

Meeting the Challenge

I am pleased to once again present my annual report as Chairman of Bord na Móna plc. The financial results showed turnover at €383.8 million for 2011/2012, an increase of €1.7 million on 2010/2011. Sales activity was mixed for the Group as Powergen, Horticulture and Resource Recovery delivered sales growth and Feedstock and Fuels had reduced sales activity.

The Group continued to focus on implementing its strategic growth and development initiatives across all our business areas.

Resource Recovery increased its turnover through growth in the domestic business but it continues to experience the effects of the general downturn in economic activity, particularly in the construction and retail sectors. Feedstock had reduced sales of milled peat with a five month planned outage at the West Offaly power plant. In Retail (which comprises Fuels and Horticulture) our fuels products encountered difficult trading conditions impacted by the mildest winter season for many years, a substantial increase in privately harvested turf, timber, low cost imports and the effect of the economic downturn on disposable income. Powergen delivered an excellent performance, as did our Retail horticulture range.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) at €61.1 million was down €11.6 million on 2010/2011. The current economic environment continues to present a difficult challenge to all business organisations. The EBITDA decline is due to fire related peat stock losses, a slight shortfall on the annual production harvest, a planned five month outage at the West Offaly power plant and reduced demand for fuels products over a mild, dry winter season. A series of major fires on our peatlands in May 2011 resulted in peat stock losses, to the value of €1.9 million, being written off. Due to the efforts of our staff and local fire services, these fires did not cause any significant injury to employees or members of the public.

The Group recorded an operating loss of €2.9 million and a loss before taxation of €12.7 million. The key issues that contributed to the loss were an impairment charge of €23.1 million within the Resource Recovery business in addition to the matters mentioned previously.

The waste management sector in Ireland has experienced challenging conditions in recent times. The Irish economy continues to be impacted by the global downturn which has resulted in a reduction in waste volumes in the market place. Recent regulatory changes, including the increased landfill levy, have increased the operational cost of end treatment processes and, together with competitive pricing, have resulted in lower margins. Based on our current assessment of the outlook for the waste sector, an impairment charge of €23.1 million has been recorded in respect of the Group's investment in tangible and intangible assets in the Resource Recovery business.

The loss before tax in 2011/2012 at €12.7 million was adverse to Fiscal Year 2011 by €29.4 million and the loss after tax in 2011/2012 at €16.3 million compares with a profit after tax of €12.9 million in 2010/2011. Despite the challenging trading conditions, the Group made further progress in implementing its strategic growth and development initiatives across all our business areas. At the same time, we continued to focus on maximising returns from traditional businesses and have commenced a number of cost reduction programmes to maintain and sustain these businesses. In addition we are implementing initiatives to expand other business areas.

The Group paid a dividend of €4.3 million during the year, of which €4.1 million was paid to the State and €0.2 million was paid to the Employee Share Ownership Plan (ESOP).

In the year ended March 2012, the Group continued to focus on implementing its strategic growth and development initiatives across all our business areas. A number of the key significant steps taken in progressing our vision for the Group, were:

- Progressing the procurement process 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. This procurement contract when finalised will be the largest contract ever placed by Bord na Móna;
- Securing grid connection offers for the first phase of our 172MW wind farm project at Oweninny, Co. Mayo, to be developed jointly with ESB;
- Continued growth in our programme to use biomass to generate electricity with 156,000 tonnes of mixed biomass consumed in the year;
- Expanding the footprint of our Resource Recovery business by acquiring the domestic collection services formerly operated by Kildare and Wexford County Councils;
- Constructing a composting facility at our site in Drehid, Co. Kildare to treat 25,000 tonnes of organic waste as reusable compost each year;
- Establishment of the Retail business unit which involves the merger of the former Fuels and Horticulture businesses;
- Opening new headquarters for our environmental business in the UK;
- Progressing the development of our flagship site at Lough Boora Parklands to upgrade the environmental and cultural experience for visitors;
- Completing with the participation of all our stakeholders the first review of Bord na Móna's Biodiversity Action Plan 2010-2015, showing good progress in achieving various projects and activities which will enhance biodiversity on the Company's peatlands, and
- Securing a contract to deposit surplus peat from the Shell Corrib project on our peatlands in Co. Mayo.

In view of the significant challenges faced by our businesses, the Board decided that general increases in basic pay rates for employees would be inappropriate. Following a Labour Court recommendation that the Company and employees enter into discussions with a view to reaching agreement, the Company agreed a proposal with the Bord na Móna Group of Unions for non-pensionable allowances to be paid to employees over each of the next four years. The total amount paid would be related to Company performance each year. The Group of Unions recommended that the proposal be accepted but the members voted against acceptance in a ballot in May 2012.

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 Company is participating in a process with the scheme's trustees to explore potential resolutions to the current deficit. The Board is committed to seeking a funding proposal which balances the interests of the Company, the employees and the pensioners.

The Board continues to focus on corporate governance, based on best practice, emerging regulation and trends. Developments during the year included the adoption of a revised process for considering and reporting on the risks faced by the Group. We continue to assess all significant investments using the most up-to date methodologies to ensure we meet the Board's responsibility to safeguard the Company's assets. 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 continues its effective approach to corporate governance.

I would like to thank my Board colleagues for their commitment and support during the year. Dr Conor Skehan and Ms Rose McHugh stood down as directors during the year. The terms of office of Mr Gabriel Cribbin and Mr Rory Scanlan expired on 21 October 2011 and 13 June 2012 respectively. All of these directors made valuable contributions to Bord na Móna during their terms on the Board. Ms Denise Cronin joined the Board in September 2011 and Mr John Horgan was appointed as a director in April 2012.

I would also like to take this opportunity to express my sincere thanks to Mr 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. 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.

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.

During the year, in line with new governance arrangements put in place by the Government, the Company interacted on a regular basis with the NewERA Division of the National Treasury Management Agency (NTMA). I would like to thank Mr John Corrigan of NTMA and Ms Eileen Fitzpatrick and her colleagues in NewERA for their support during the year.

During the year, Bord na Móna was invited to submit a case for undertaking the establishment of Irish Water. The Company made a strong case in relation to this matter and this was acknowledged by the selection panel appointed by the Government and by the Ministers involved. This project was awarded to Bord Gáis Energy. I would like to congratulate them on their achievement and to wish them every success in implementing this important initiative. For our part, we will support them in any way possible and in particular by continuing to develop the proposed Shannon/Eastern Region water supply project.

The Board is pleased to report continuing implementation of the Group's strategy. The Group has shown and will continue to demonstrate that we can meet the challenges we face and will deliver change to maintain a sustainable business 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 the Group's proven diversification strategy, combined with our recognised strengths, will ensure a successful and vibrant future for the Group and enhance the interests of all our stakeholders.

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 fulfilling this role.

Fergus McArdle
Chairman
6 July 2012

Managing Director's Review

Introduction

Current economic conditions, reflected in a collapse in consumer confidence, have resulted in a global downturn that has left no single region and very few business sectors untouched. In 2011/2012 trading conditions continued to be challenging due to rising pressure on consumers' disposable income and higher commodity prices. The unseasonably mild Winter had an adverse impact on our Retail business and the increased consumer demand for value put pressure on margins. The interdependence of waste generation and the macroeconomic environment is clear and continues to impact on the profitability of the Resource Recovery business which operates in a market that is highly fragmented.

While the economic outlook remains challenging I am confident in the long term growth prospects for the Group. We will continue to focus on delivering our vision, ensuring that as we grow we meet our customers' expectations, invest in innovation and improve our competitiveness. We will also continue to invest in our management and leadership capability and drive an organisational culture built on our core values of being resourceful, engaging and respectful.

I can report the following progress in delivering on our long term strategy of diversification across our five businesses:

Strategic Review

Feedstock

2011/2012 delivered 95% (3.6 million tonnes) of our annual targeted peat harvest. This was despite the significant challenges resulting from higher than average summer rainfall in our western bogs. Peat sales were down 6% on Fiscal Year 2011 due to the planned five month outage at West Offaly power, Feedstock's biggest customer, but strong customer sales in the energy generation and horticultural markets contributed to reasonable operating profits for the year. We face challenges, however, in our peat supply chain as the proximity of suitable peat to our customers becomes stretched. This is being addressed through a programme of transformational business change to ensure improved competitiveness and business sustainability into the future.

We increased our biomass supply to our Edenderry power station to 156,000 energy tonnes in the year ended 28 March 2012, representing 15.1% peat dilution. This underpins our commitment to develop a sustainable model for the plant over the longer term, and we are well on the way to reaching our 2016 objective of 30% co-firing of the plant with biomass.

We experienced bog fires on an unprecedented scale during April and May 2011, mainly as a result of fires spreading to our peatlands from adjoining lands. This resulted in significant peat stock damage. I would like to acknowledge the exceptional efforts of our workforce and the fire services in ensuring that members of the public and their property were protected.

Powergen

Powergen delivered a strong performance for the year with turnover up 17.9% to €71.3 million. The Edenderry power station experienced a period of very good availability and stable generation following the major overhaul of a steam turbine. The Cushaling peaking plant had a successful full first year of operation at 99.2% availability. Our wind farm in Bellacorick, Co. Mayo enjoyed one of its best years since operations began 20 years ago, with a capacity factor of over 26%.

A new joint venture company was established with ESB Wind Development Limited, which will see the creation of a 172 MW wind farm at Oweninny, Co. Mayo. Commercial operation is targeted for late 2015. In addition, grid connection offers were signed for the Bord na Móna wind farms at Mount Lucas, Co. Offaly, and at Bruckana, Co. Tipperary. These projects, with a combined installed capacity of 120 MW, should commence commercial operation in 2014 and 2015 respectively. Substantial progress was made on the

We will continue to focus on delivering our vision, ensuring that as we grow we meet our customers' expectations, invest in innovation and improve our competitiveness.

co-firing of Edenderry power station. Planning was obtained for the supporting infrastructure to ensure that future targets can be met in order to underpin the sustainability of the plant and its contribution to national RES-E (Renewable Electricity) targets.

A high level assessment was carried out on a number of our cutaway peatlands to ascertain their suitability for the construction of large-scale onshore wind farms as part of renewable energy export opportunities.

Resource Recovery
The resource recovery industry continues to experience significant challenges. The volume of waste generated nationally has fallen significantly since we acquired the AES collection business in 2007. This is a direct consequence of the economic downturn, particularly in the construction and commercial sectors. The resulting decline in customer numbers along with over capacity due to lack of consolidation has driven operating margins to an all time low.

The regulatory environment is also impacting on behaviour in the industry. The acceleration of landfill levies and the uncertainty regarding incineration has seen significant quantities of waste being stored and then exported by other industry participants. This is creating a significant issue for the industry and Ireland. As a consequence waste operators intent on moving to higher end treatment solutions are finding it difficult to execute their plans. This is further compounded by the credit crunch.

Despite this backdrop we have achieved market share growth in our collection business. We succeeded in acquiring the customer business of both the Kildare and Wexford County Councils through a competitive tender process. This has added 32,000 customers to our domestic operation and will produce additional operational efficiencies as we implement our integration plan. We are particularly delighted with the recognition from our local authority partners of the seamless transition of the service and billing operations. This demonstrates our capability to upscale as future opportunities unfold.

As part of our drive to create a best-in-class customer experience we launched a new internet self-service channel. This will not only benefit our customers but it will improve customer service efficiency and costs. The continued roll-out of our RFID (radio frequency identification) technology (bin chipping) is also leading to routing efficiencies as well as offering a wider range of payment options.

Our Resource Recovery business continues to contribute to Ireland's waste recycling and recovery targets but the challenges in relation to waste generation and management of particular waste streams remain. In late 2011, we commenced the commissioning of our 25,000 tonne per annum brown bin composting plant at Drehid, Co. Kildare. Where possible the composted material from the plant will support the continued development of peat free growing media for the UK retail market.

Environmental - Anua
It was a mixed year in our environmental business where some encouraging trends in the UK were offset by continued pressure in the US and Ireland. We will continue to closely monitor the performance of this business while we continue in our commitment to be a leading provider of cost effective, sustainable and environmentally friendly clean air and water technologies, but will redesign our route-to-market to reflect the challenges faced.

We rebranded our Bord na Móna Environmental business to Anua (from athnuaigh – meaning 'to renew') during the year, to more accurately reflect the product proposition we offer in this sector. We also introduced a customer service management model to strengthen our commitment to excellence in this area.

At the start of the year we consolidated our UK operations into a single site in Bridgwater, Somerset. The benefits of our leaner manufacturing operation and customer focused sales operation are beginning to show positive results in a challenging market, with annual revenue up 15%.

To respond to the challenges in our US business we have launched a new residential water treatment solution - Platinum - to complement our Puraflo technology. This will address the requirement to offer a lower-end, value solution to tackle current market conditions in certain States. Our investment in innovation, combined with the continued development of our distribution partners, will position us well as the economy recovers.

> We will also continue to invest in our management and leadership capability, and drive an organisational culture built on our core values of being resourceful, engaging and respectful.

Retail
The retail markets in Ireland and the UK remain under pressure and, combined with an unseasonably mild Winter, impacted negatively on our fuel category sales. This resulted in a decrease of 9.7% in revenue. There was better news for our horticulture products which grew by 3.4%, to €54.2 million, driven by a strong performance in our mainland Europe business. This was not sufficient to fully offset our lost fuel sales and consolidated retail sales finished 5.9% behind last year at €171.6 million. Margins were also down as a result of increased retail price competition, as consumers continue to seek out value solutions. Throughout 2011/2012 we experienced significant increases in freight costs resulting from a reduction in UK inbound freight volume into Ireland, reducing our ability to benefit from attractive back-load pricing on products which we export.

We completed a strategic review of our retail operations and merged our Fuels and Horticulture business units into a new single Retail business unit in advance of our year-end. This underlines our commitment to longer term growth, particularly in the UK market, despite the challenges of the current economic and legislative environment.

A number of new products were launched during the year, including the Verve range of growing media for B&Q. Our retail innovation and product development focus demonstrates the commitment to add a sustainable range of fuel and growing media products to our traditional range. We expanded our UK sales resource through the acquisition of the Vital Earth sales team, which gives us the opportunity to expand our full portfolio of products to the UK garden centre and convenience retail sectors. Further afield, the international footprint of our professional growing media has extended into Eurasia and we have recently appointed a distributor in Turkey.

The newly formed Retail business is uniquely positioned as a cohesive trading unit with a product innovation capability. Combined with a dedicated marketing focus this will ensure the business delivers profitable growth as an increasingly international entity.

Land and Property
The objective of the Land and Property business unit is to generate commercial, environmental and social value from these key assets.

The Bord na Móna Strategic Framework for the Future Use of Peatlands guides our decision making in relation to potential future uses and developments on cutaway bogs. During the year we commenced a programme of consultation with interested parties on the Strategic Framework, including the Midland Regional Authority and the Peatlands Council.

Lough Boora Parklands was honoured with the Most Innovative Corporate Social Responsibility (CSR) Project Award at the annual Chambers Ireland CSR awards. The Award was partnered by Business in the Community Ireland to recognise companies that are committed to socially responsible business practices. The Lough Boora project was specifically identified as contributing positively to the community.

Bord na Móna completed the signing of a fifty year lease agreement on a 400 acre peatland, which is to be used as an amenity for the people of Abbeyleix and the surrounding area.

A number of other community and wildlife projects were progressed during the year, including a conservation project promoting red grouse, a bird species that has undergone serious decline in population in past decades, and other works to rehabilitate peatlands at various locations.

The first annual review of the Group's Biodiversity Action Plan was carried out in consultation with environmental groups and other stakeholders and good progress was noted.

A pilot project to increase the level of security of our bogs to prevent unauthorised access and trespass was initiated successfully.

The first annual review of the Group's Biodiversity Action Plan was carried out in consultation with environmental groups and other stakeholders and good progress was noted.

Operational and Financial Review

A summary of the key Group financial results for the past three years is set out below.

	2011/2012 €'000	2010/2011 €'000	2009/2010 €'000
Turnover	**383,826**	382,069	384,417
% change	**+0.5**	-0.6	-4.3
EBITDA	**61,146**	72,749	64,611
% change	**-15.9**	+12.6	+12.8
(Loss)/profit before tax	**(12,742)**	16,727	12,899
% change	**-176.2**	+29.7	-33.9
Shareholders' funds	**181,321**	231,390	224,408
% change	**-21.6**	+3.1	+13.0

Turnover increased by €1.7 million in comparison to the previous year. There was increased sales activity in Resource Recovery, additional electrical output from the first full year of operations at the Cushaling peaking plant, increased electricity sales for the Edenderry power station and increased growing media sales into mainland Europe. On the adverse side, there were reduced peat sales to West Offaly Power (planned outage of five months) and sales of fuel category products were hampered by the mild and unfavourable winter season.

EBITDA at €61.1 million was €11.6 million down on the previous year reflecting the reduced peat sales to West Offaly Power, lower fuel product sales, reduced margins in Resource Recovery, the fire related stock losses and unrecovered costs on the peat harvest shortfall.

The reported loss before tax of €12.7 million compares unfavourably to a profit before tax of €16.7 million in the previous year. The challenges experienced by the resource recovery industry, falling waste volumes, industry over-capacity, reduction in customer numbers and an uncertain regulatory landscape, have resulted in a revaluation by many leading players. This has been no different for our AES collection business resulting in a €23.1m impairment charge. We will continue to reduce the cost base, deliver operational efficiencies and improve our customer service offering.

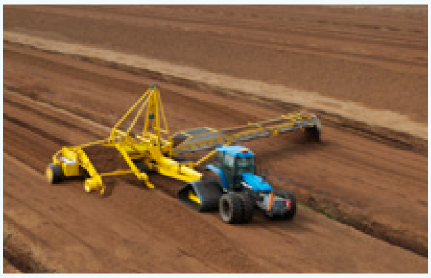
There was increased sales activity in Resource Recovery, additional electrical output from the first full year of operations at the Cushaling peaking plant, increased electricity sales for Edenderry power station and increased growing media sales into mainland Europe.

Despite the loss recorded for the year, the Group had an operational cash flow before capital expenditure of €42.1 million which was €14.7 million adverse to the previous year.

Shareholders' funds have been reduced by the loss after taxation and by an increase of €27.5 million in the pension deficits on the three defined benefit schemes. The key contributing factor to the increased pension deficit is a reduction in the discount rate used to measure future liabilities, down from 5.25% in 2011 to 4.0% in 2012.

Business Review - Feedstock

The Feedstock business supplies peat and biomass materials for the generation of electricity in Bord na Móna's Edenderry power station, and two ESB power stations at West Offaly Power and Lough Ree Power. The business also supplies peat for briquette manufacturing, growing media and peat filtration for clean air and water products to Bord na Móna's Retail and Environmental businesses.



The business is facing specific challenges as the demand for peat for power generation declines. This has resulted in the need for transformational change to maintain a sustainable business.

Challenges

Weather Impact on Peat Harvest

Fiscal Year 2012 was a particularly challenging year for the peat harvest. Although 95% of target was achieved, changing weather patterns had an impact on peat harvesting operations. Frequent short spells of heavy rainfall punctuated the dry periods during the harvesting season. This posed a particular challenge to the planning and management of peat harvesting operations and peat quality.

Fire

Last year's dry Spring and high winds at the start of production in early May led to a serious incidence of bog fires, which spread to Bord na Móna peatlands. These resulted in significant stock damage and production operations were restricted in order to reduce the risk of further outbreaks of fire.

Biomass Supply Chain/Peat Dilution

Another significant challenge was the establishment of a supply chain of biomass products that would fulfil the peat dilution and co-firing strategy, and support Bord na Móna's 'New Contract with Nature'.

Transformational Change

The business is facing specific challenges as the demand for peat for power generation declines. These challenges include the expiry of peat fuel supply agreements, the Public Service Obligation peat support mechanism and the priority running status of the three peat-fired power stations. These have resulted in the need for transformational change to maintain a sustainable business. An increased requirement for road transport of peat and the necessity for increased peat dilution continue to pose additional challenges to the business.

Achievements

Peat Harvest

Despite the adverse weather conditions, 95% of target was achieved for the peat harvest, though not uniformly across all areas with certain peatlands in the west of the midlands achieving significantly less.

Biomass Delivery

Biomass for co-firing with peat in the Edenderry power station was sourced mainly from the forestry and sawmills sectors. This was augmented by bio-energy crops and imported materials. Supply of biomass amounted to 156,000 energy tonnes, representing a co-firing rate of 15.1%.

Risk Mitigation

Major construction work on flood defence embankments along the Shannon river catchment was undertaken to protect peat stocks and customer supply capability.

Transformational Change Agenda

A programme of transformational business change is underway to meet the specific challenges facing the business. This is supported by ongoing extensive consultation and engagement with employees. The focus is to secure a successful, efficient and sustainable future business model.

Commitments

Ongoing Competitiveness

The business continues its commitment to transformational change. This will deliver feedstock materials that meet market and customer demand at competitive prices, in an increasingly challenging business environment.

Customer Delivery

The business is committed to the delivery of sustainable product development, including biomass for power stations and peat diluent feedstock for heating and growing media product ranges.

Sustainability/Environmental Compliance

The business endeavours to minimise the environmental impact of its operations by its continued compliance with environmental licence conditions. Energy usage will be reduced by adopting best practice in energy management, improving machine efficiency and increasing energy conservation awareness within the business.

Business Review - 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 a number of projects under development at different stages of maturity. These will add substantially to Bord na Móna's electricity generating capacity over the next decade.

In 2012 turnover increased by 17.9% to €71.3 million, while biomass co-firing increased from 13.5% to 15.1%. The levels of renewable electricity (RES-E) generated by Powergen increased from 14.4% to 16.6%.

Challenges

Delivering Future Projects
Powergen is pursuing two major wind farm projects at Mount Lucas and Bruckana. The key challenge was to obtain required approvals and subsidiary planning consents relating to these projects and to secure grid connection offers.

Optimisation of the Edenderry Power Station
Following a major overhaul of the Edenderry power station turbine last year, Powergen sought to ensure high availability and maximum output from the station, while also continuing to increase the biomass co-firing rate.

Achievements

Operational Growth
Turnover increased by 17.9% to €71.3 million, while biomass co-firing increased from 13.5% to 15.1%. The levels of renewable electricity (RES-E) generated by Powergen increased from 14.4% to 16.6%.

Developmental Success
Planning consents were obtained for a new access road at Mount Lucas, while grid connection offers were signed for both Mount Lucas and Bruckana wind farms. Planning consent was also obtained for an increase in road deliveries of biomass to the Edenderry power station and for additional biomass storage facilities on site.

Progressing Future Projects
A joint venture company was established with ESB Wind Development Limited for the development of the first phase (172 MW) of the wind farm at Oweninny, Co. Mayo. Planning and design matters were also progressed.

A high level assessment, encompassing environmental, planning and temporal constraints was carried out on Bord na Móna's cutaway peatlands. This was to ascertain their suitability for the construction of large-scale onshore wind farms as part of renewable energy export opportunities.

Energy Efficiency
In its efforts to maximise performance, Powergen targeted energy efficiency savings of 4.3 GWh during the year. This was exceeded by the Energy Performance Contracting unit which delivered savings totalling 6.0 GWh.

Commitments

Developmental Agenda
The Powergen business remains fully committed to pursuing its developmental agenda and to the creation of a diversified portfolio of generating assets with low carbon intensity.

Government Targets
As part of that agenda, Powergen will meet the Government's target of 30% co-firing with biomass at the Edenderry power station by 2016.

Wind Power
The business is committed to developing the 80 MW Mount Lucas wind farm, the 40 MW Bruckana wind farm and the first phase of the Oweninny wind farm. Following the high level assessment of the feasibility for development of onshore wind farms, the potential to supply renewable power to the domestic, UK and other mainland European markets, in the context of developing regional electricity market integration, will be explored further.

Market Opportunities
Powergen is committed to seeking out market opportunities for improving the efficiency of energy use, and helping Bord na Móna meet its future efficiency obligations under the Better Energy Programme, an Irish Government scheme administered through Sustainable Energy Authority of Ireland (SEAI) which encourages homeowners and businesses to improve the energy performance of their homes and business premises by incentivising the cost of various upgrades.

Business Review - Resource Recovery

Resource Recovery is an integrated waste management business providing collection, recovery, recycling, disposal and advanced technology treatment of waste services. Waste collection services operate under the AES brand, providing both domestic waste management throughout the Midlands, South East and Mid West regions, and commercial waste management nationwide.

The residential business delivered growth, with customer numbers just under 100,000 by year end. This was principally achieved through the acquisition of the residential businesses of Kildare and Wexford County Councils.

Challenges

Price

In the current economic climate the waste market is under increasing pressure. Reduced waste volumes and a fragmented landscape with too many operators have caused downward pressure on prices.

Increased Operating Costs

In a difficult trading environment, significant increases in the landfill levy and fuel costs impacted negatively on margins.

Falling Waste Arisings

Demand from key commercial markets remained suppressed, with waste arisings continuing to fall. The average yield per serviced household also decreased.

Regulatory Challenge

European Union (EU) and local Government regulation continues to affect the business in the short term. Of particular significance is the EU Landfill Directive for reduced landfill volumes and the landfill levy increase. As Resource Recovery's landfill diversion increases this will become less of a challenge for the business.

Achievements

Customer Growth

The residential business delivered growth, with customer numbers just under 100,000 by year end. This was principally achieved through the acquisition of the residential businesses of Kildare and Wexford County Councils. These new customers were integrated seamlessly. Additional growth was achieved through successful infill in existing territories. Combined, these have helped to balance the suppressed demand and to contribute to economies of scale.

Online Customer Self-Service

Customer service levels have improved significantly, particularly through the online channel. The launch of the 'My Account Online' service and the level of customer uptake exceeded expectations for residential customers after just four months. It will be developed in the years ahead to ensure improved customer service efficiency and cost reductions.

Sustainability

The drive towards increased sustainability saw the first stages of the commissioning of a 25,000 tonnes per annum brown bin composting plant at Drehid, Co. Kildare. The feedstock for this plant will be supported by a continued focus on increasing the business's brown bin (organic waste) collection.

Commitments

Growth

The business is committed to increasing market share through organic and acquisitive customer growth. The business will develop innovative and value based solutions by working with customers to meet their waste management needs.

In the commercial market the business will place particular emphasis on the development of opportunities in the manufacturing and food sector industries.

Sustainability – Landfill Diversion

Investment opportunities in waste treatment infrastructure will be pursued, specifically the development of a Mechanical Biological Treatment (MBT) plant at our Drehid (Co. Kildare) facility for which planning and waste license applications were recently submitted.

Integrated Internal Use

Where possible, waste materials will be retained for use as raw materials for Bord na Móna's Retail and Powergen businesses.

Industry Leader in Customer Satisfaction

The business has a clear focus and understanding of our customer needs. Today AES provides service to approximately 100,000 domestic and over 5,000 commercial customers and is continually developing the key competencies needed to successfully meet customer needs and become the industry leader in customer satisfaction.

Business Review - Environmental Anua

Bord na Móna Environmental began trading as Anua in 2011. Anua is a provider in the design, manufacture and installation of a portfolio of differentiated clean-tech technologies, offering clean air and clean water solutions.

Anua operates in a challenging market environment where levels of construction activity have experienced a dramatic and fundamental contraction. This will continue to be a challenge for the business for the foreseeable future.

Challenges

Global Economic Downturn

Anua operates in challenging market environments where levels of construction activity have experienced a dramatic and fundamental contraction. This will continue to be a challenge for the business for the foreseeable future.

Business and Consumer Confidence

Lower levels of business and consumer confidence, combined with lower levels of economic activity, are placing increasing strain on both disposable income and the availability of credit. These had a negative influence on purchasing decisions during the year.

Regulatory Change

The US state of Virginia relaxed its regulatory requirements in 2011. This has resulted in an influx of competitor residential wastewater treatment products and services and an ongoing decline in Anua's Puraflo system sales.

Business Integration

The transition of the three UK business units into one consolidated entity alongside the implementation of lean manufacturing and sales processing systems led to particular challenges regarding sales growth and target achievement.

Achievements

Revenue Growth

Despite these challenges revenue grew by 3.9%. The primary driver of growth was the UK, where performance in the second half of the year was strong as the benefits of new manufacturing and sales processes came through. Despite negative construction forecasts for 2012, these results have given the business increased optimism for continued growth in Fiscal Year 2013.

Customer Service

A new customer service mobile workforce management system was introduced, providing faster and more efficient product and service delivery to customers. This strengthens customer service in all Anua's markets and is vital to long term success.

New Technology

A new wastewater treatment product, Platinum, was launched in three US States, targeting the residential market.

Commitments

Product Innovation

Anua's innovation agenda includes maintaining and developing a diversified and sustainable portfolio of clean air and clean water technologies.

Customer Service

Anua will strengthen its customer service capability further, building on the recognition of Anua's success at the 2011 Irish Field Service Awards, which were presented to those companies demonstrating both operational and field service excellence.

Growing the UK Market

The revised operating model in the UK will be used to pursue market share growth, particularly in the wastewater treatment sector.

Regulation

The business is committed to providing products and services that meet the ever-changing regulatory and environmental requirements of the markets in which Anua operates.

Business Review - Retail

Retail products include solid fuel, oil and convenience fuel, as well as professional and retail growing media, for the domestic and international markets. The establishment of our new Retail business, which is the result of merging our Fuels and Horticulture business units, underlines the long-term commitment to growth despite the challenges that the economic and legislative environments pose to the overall business.

Challenges

Mild Winter

2011/2012 was dominated by an unseasonably mild Winter with some areas of the country experiencing their mildest Winter in over 20 years. This impacted heavily on sales of all home heating products resulting in an 9.7% annual revenue decline. Despite the growth in the horticulture category, this did not compensate for the weather-induced reduction in fuels sales. As a result, combined total sales of €171.6 million resulted in a year on year decline of 5.9%.

Consumer Behaviour and Disposable Income

The business was also affected by the decline in disposable income and a shift in consumer purchasing behaviour for home heating products. Consumers focused on value fuel options, including briquettes, coal, privately harvested turf and timber, in place of oil. 2011 also saw a bumper harvest in privately cut turf which competes directly with our coal and briquette products. In the multiple retail market, new private label products were introduced during the season, consistent with the general trend of major retailers providing consumers with a value offering.

Freight Costs

The horticulture business is largely concentrated outside Ireland, where the year's principal challenges were the contraction in freight availability and the significant increases in freight costs resulting from a reduction in UK inbound freight volume into Ireland.

Peat Dilution

As a result of the continued drive towards peat dilution in the UK and mainland European markets we are encountering added complexity across the supply chain from material procurement right through to customer delivery.

Achievements

Creation of Retail Business

2011/2012 saw the completion of the strategy-for-growth objective, which marked the establishment of the new Retail business. The year was characterised by product, process and market successes that strengthened the position of the new business unit. This is underpinned by the strength of the Bord na Móna brand, which signifies quality and value. Importantly, the business is now better positioned to capitalise on any growth opportunities in Retail's markets.

Horticulture Revenues

Despite continued pressure on the Retail business, the year delivered a more positive performance for the horticulture range with revenues up by 3.4% to €54.3 million.

New Products

The launch of the Verve growing media own label brand for B&Q, combined with increased distribution of the Growise brand, has enhanced the retail horticulture range. The professional horticulture offering has also been improved with new products in sod moss, milled black peat and bin turf.

The fuels category continued to innovate with new coal products and a value-engineered and expanded convenience product range.

Market Development

UK

The partnership with Vital Earth (a UK-based peat free product provider), formed in late 2011, added to Retail's portfolio, as well as establishing a platform for growth across the territory's entire retail product offering.

Professional

The professional grower customer base has expanded to the Eurasian markets, with the addition of a distributor in Turkey. The business has also achieved growth in the existing customer base in the UK and mainland Europe as poor harvests impacted producers in the UK and the Baltics. Retail had a particularly strong year in Europe where professional growers delivered the greatest increase in growth. Customer numbers have grown by 35% over the past five years.

Peat Dilution

The development of the coir processing facility in Kilberry, Co. Kildare, contributed to the business achieving progress on the peat dilution agenda. The facility's manufacturing and operational capacities have addressed the challenges posed by both existing and new product demands of a more regulated environment.

Commitments

Growth Potential

The business is committed to providing a profitable and sustainable product range which satisfies the needs of customers as they operate in a difficult economic environment. Retail is uniquely positioned to operate as a cohesive trading unit across its target markets. It has a streamlined product offering and a product innovation capability which, combined with marketing competence, will deliver profitable growth. The business is committed to its continuing goal to build long term supplier partnerships and customer relationships to deliver more sustainable revenue streams. This is demonstrated by the development of five year contracts with our distributor network in Europe and the geographic expansion in the Far East, particularly in China, where partners have been identified and developed.

Sustainability

With full membership of the Growing Media Initiative, a UK-based scheme that fosters the need to protect the world's peatlands and promote the use of alternative soil enhancing materials, Retail is committed to sustainable business. This is consistent with Bord na Móna's triple bottom line approach of focusing on people, planet and profit in the growing media sector, which pursues the peat dilution agenda. The focus on sustainable alternatives to traditional fuels, combined with innovation in the ignition category, underscores the commitment to a future in the provision of effective, sustainable and competitive fuel.

Capital Expenditure and Funding

Investment for the future

Capital Expenditure for 2011/2012 amounted to €28.3 million (€48.0 million in 2010/2011). A significant capital investment programme was undertaken during the year which included the construction of a composting plant and phase 5 of the Drehid engineered landfill (which was substantially complete at the year end), additional refuse collection vehicles, the replacement of peat harvesting plant and expenditure on wind farm projects.

Research and Development: In 2011/2012 Bord na Móna spent €5.7 million on research and development including business development, exclusive of grants (compared with €5.3 million in 2010/2011). Twelve 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 €42.1 million from operating activities in 2011/2012 compared to €56.8 million in the previous year.

	2011/2012 €'million	2010/2011 €'million
Net cash flow from operating activities	**42.1**	56.8
Capital expenditure and acquisitions	**(25.3)**	(49.2)
Financing costs paid	**(10.3)**	(8.3)
Corporation tax paid	**(4.3)**	(3.4)
Dividend paid	**(4.3)**	(3.5)
(Decrease) in net cash	**(2.1)**	(7.6)

At year end, the Group had net borrowings of €66.7 million, an increase of €2.1 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 38 supported by Note 20 to the Financial Statements.

The Group generated €42.1 million from operating activities in 2011/2012 compared to €56.8 million in the previous year.

Capital Structure and Treasury Policy

The Group Treasury Policy is approved by the Board of Bord na Móna plc. This policy is then implemented and monitored by the Group Treasury function. The Treasury policy aims to minimise Group funding costs while maintaining flexibility in volatile markets, always subject to acceptable levels of treasury risk.

The Group has entered into hedge arrangements to fix floating rate debt.

The Treasury function has adopted a selective hedging approach in managing the Groups' exposure to secure the Euro value of receivables and payables.

The Treasury policy permits derivative instruments to be used to mitigate financial risks and they are executed in compliance with the specification of the Minister for Finance issued under the aegis of the 'Financial Transactions of Certain Companies and Other Bodies Act 1992'.

Net borrowings in the current financial year reached a peak of €109 million in September 2011, compared with a peak in the previous year of €104 million. Bank interest and similar charges at €10.5 million compared with €9.9 million which was an increase of €0.6 million on the previous year.

At year end, the Group had $355 million (€263.9 million) fixed rate debt raised on the US private placement debt market. In order to 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 this debt.

The maturity profile of the debt at the financial year end was as follows, 7% repayable in 2013, 16% repayable in 2014, 25% repayable in 2016, 12% repayable in 2017, 19% repayable in 2018 and 21% repayable in 2019.

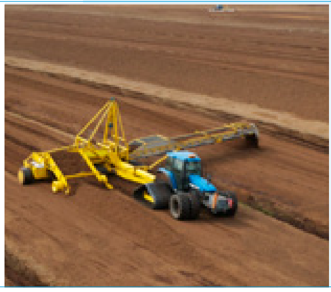
Gearing was 37% at year end compared to 28% at the start of the year impacted by a reduction in the net assets as opposed to increased borrowings.

Gabriel D'Arcy
Managing Director
6 July 2012

Responding to the Challenge

Challenge

Feedstock



Meet the changing needs of our customers and markets as we progress from a traditional peat only business to one that offers a range of sustainable feedstock alternatives. Achieve this by driving continuous efficiency in our supply chain resulting in improved competitiveness.

Powergen

The reduction in regulated capacity payments combined with the overhang of excess generation capacity in the market will require the continued drive for improved efficiency. Whilst progress has been made there remains the ongoing challenge to obtain planning consents and grid connections for wind farm developments.

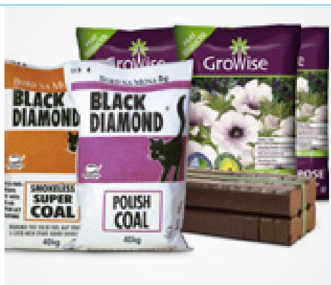
Resource Recovery

The current economic climate has resulted in significant over capacity in the market and a negative impact on margins. Compliance with the EU Landfill Directive and increasing landfill levies are challenging in the short-term.

Environmental Anua

The downturn in the construction sector continues to have a corresponding impact on the business and is forecast to continue for the foreseeable future. Tight credit availability and low levels of consumer confidence are impacting negatively on purchasing decisions.

Retail



Increased focus on 'value' and a downturn in consumer confidence continue to be significant challenges in the retail business. Export business to the UK is experiencing increasing freight costs as a result of a reduction in inbound volumes. The UK peat dilution agenda will add complexity to our supply chain from procurement to product delivery.

Achievement		Commitment
Biomass supply increased	We increased our biomass supply to the Edenderry power station to 15.1% of the fuel usage. A continued programme of transformational business change is ensuring that we are addressing the competitive pressures of the markets we serve.	We are focused on the sourcing and supply of biomass products to complement our peat resource. This forms the cornerstone of our sustainability agenda in support of Bord na Móna's vision 'A New Contract with Nature'. We remain committed to continuous efficiency improvements in our supply chain.
Generated renewable electricity increased	Turnover increased by €17.9 million, while biomass co-firing achieved 15.1% dilution in the Edenderry power station. The levels of renewable electricity (RES-E) generated increased from 14.4% to 16.6%	To build a diversified portfolio of generating assets, whilst decarbonising the electrical power produced. Co-firing with biomass at the Edenderry power station is a key component of this strategy and we remain committed to the target of 30% dilution by 2016. In so doing we will contribute significantly to Ireland's EU RES-E targets.
Domestic customer numbers increased	Domestic customer numbers increased to just under 100,000 through a combination of organic growth and the addition of the Kildare and Wexford County Council domestic waste collection services. The first stage of the commissioning of a 25,000 tonnes per annum brown bin composting plant was completed.	The focus of our business is to deliver exceptional customer service and to maximise the re-use potential of managed waste materials. Where possible we will process and retain waste materials within the Bord na Móna Group as feedstock for growing media and for power generation.
Business rebranded 'Anua'	Our environmental business was rebranded 'Anua' during the year to align with our product offer and positioning in export markets. Revenue grew by 3.9% despite the economic challenges. The consolidation of the UK operations into a single unit in Bridgwater, Somerset facilitated good growth in the second half of the year giving optimism for the year ahead.	This business is committed to progressing sustainability by providing environmentally friendly clean air and wastewater treatment solutions. This will be achieved through a combination of product, process and customer service innovation.
New Retail business unit established	To respond to these growing challenges we established a new Retail business unit during 2011/2012. New product introductions and increased distribution contributed to an increase in revenues in our horticultural products, up 3.4% year on year. In the UK a partnership with Vital Earth provides a platform for growth in a key market.	The creation of the new Retail business demonstrates our commitment to a market-focused and customer-centric organisation with growth ambition. The business will provide a profitable and sustainable product range to satisfy the needs of consumers as they strive for value against a challenging economic backdrop. This will be achieved by creating an innovative culture ensuring focused product development and efficient supply chain capability.

Sustainability

Bord na Móna's vision 'A New Contract with Nature' sets out the context for a 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 will publish its fourth 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, and
- To highlight measures that 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 recruitment process for a Sustainability Manager is at an advanced stage. This new role will support our overall sustainability agenda.

The 2012 Sustainability Report will be produced using the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. This approach requires the company to measure and disclose its performance towards the goal of sustainable development. The 2012 Sustainability Report will be launched later in the year.

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.

The Board

From left to right:

1. Gabriel D'Arcy (Managing Director)

Gabriel D'Arcy (53) 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.

2. Paddy Fox

Paddy Fox (63) 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.

3. Pat McEvoy

Pat McEvoy (60) 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.

4. Rory Scanlan

Rory Scanlan (66) was first appointed to the Board in May 2002 and re-appointed in June 2007. He is a sales and management consultant and author of "Professional Selling Skills". He is a director of several private companies and has previously served as a director of a number of State Bodies including Foir Teoranta, An Bord Tráchtála and Ordnance Survey Ireland. His term of office expired on 13 June 2012.

5. Peter Wyer

Peter Wyer (63) 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.

6. David Taylor

David Taylor (66) was appointed to the Board in June 2009. He is an independent strategic advisor on sustainable energy and holds professional qualifications in engineering and management. Prior to establishing his own practice he was CEO of Sustainable Energy Ireland and advised the Joint Oireachtas Committee on Climate Change and Energy. He is Chairman of the Energy Institute in Ireland.

7. Fergus McArdle (Chairman)

Fergus McArdle (58) 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 and became a Chartered Director of the Institute of Directors in 2012. He has a portfolio of personal business interests with directorships in manufacturing, service and property companies. He also serves on not for profit commercial business, sporting and charitable bodies.

8. Paudge Bennett

Paudge Bennett (58) was appointed to the Board in January 2007 and reappointed in 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.

9. John Horgan

John Horgan (66) was appointed to the Board in April 2012. He is an independent Human Resource Consultant. He has a degree in Social Science from University College Dublin and MA in Industrial Relations from Warwick University. Following positions in the UK and Irish public service he was appointed Deputy Chairman and then Chairman of the Labour Court. Subsequently he worked for GPA in Shannon and was HR Director for a number of multinational companies. More recently he was awarded MA in History from National University of Ireland Galway.

10. Denise Cronin

Denise Cronin (42) was appointed to the Board in September 2011. She is an Accounting Manager with the Irish subsidiary of a US multinational technology company. She has worked in finance roles in a number of Irish companies across a range of industries. Denise is a fellow of the Institute of Chartered Accountants in Ireland and holds a B. Comm (Hons) from University College Cork. She also serves with a number of not for profit bodies.

11. Colm Ó Gógáin

Colm Ó Gógáin (59) 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 Ltd, Director of Bord na Móna Environmental Ltd and is currently Head of Strategic Infrastructure. He holds a B.E. (Mechanical) from University College Dublin, is a Chartered Engineer and a Fellow of The Institute of Engineers of Ireland.

Photo taken at Corlea Trackway Centre, Kenagh, Co. Longford

Directors' Report

Introduction
The Directors present their report and the audited financial statements of Bord na Móna plc for the period from 31 March 2011 to 28 March 2012.

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

The Chairman's Statement on pages 2 and 3, the Managing Director's Review on pages 4 to 13 contain a review of the development of the Group's business during the year, the state of affairs of the businesses at 28 March 2012, recent events and likely future developments.

Results for the period	€'000
Loss for the financial year	(15,975)
Dividend paid	(4,332)
Loss retained for financial year	(20,307)

Details of the financial results of Bord na Móna plc for the period 31 March 2011 to 28 March 2012 are given on pages 32 to 60.

Directors
Policy in Bord na Móna is determined by a twelve member Board appointed by the Government. 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
Gabriel Cribbin – term of office expired on 21 October 2011
Denise Cronin – appointed with effect from 15 September 2011
Paddy Fox
Pat McEvoy
Rose McHugh – resigned on 5 September 2011
Colm Ó Gógáin
Rory Scanlan – term of office expired on 13 June 2012
Conor Skehan – resigned on 6 April 2011
David Taylor
Peter Wyer

Mr John Horgan was appointed as a Director with effect from 24 April 2012.

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). In December 2011, all of the shares were appropriated to the eligible participants through the Approved Profit Sharing Scheme in accordance with the rules of the scheme.

Board Meetings
The Board met 12 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 28 March 2012 were Peter Wyer (Chairman), Rory Scanlan and Denise Cronin. Mr Robert Dix acts as an adviser to the Committee. The Committee met six 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 report, 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 issues considered by the Committee and the minutes of its meetings are circulated to all Directors.

The *Remuneration Committee* deals with the remuneration and expenses of the Managing Director and senior management within Government guidelines. The members as at 28 March 2012 were Fergus McArdle (Chairman), Paddy Fox and Pat McEvoy. The Managing Director, Gabriel D'Arcy, attends the Committee except when his own position is being discussed. The Committee met twice 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 28 March 2012 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 28 March 2012.

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 28 March 2012.

Director	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
F McArdle, Chairman	12/12	4/4
G D'Arcy, Managing Director	12/12	3/3
P Bennett	12/12	3/3
D Cronin	7/7	2/2
G Cribbin	4/7	1/4
P Fox	12/12	2/2
P McEvoy	12/12	2/2
R McHugh	5/5	2/2
C Ó Gógáin	12/12	3/3
R Scanlan	12/12	5/6
C Skehan	n/a*	1/1
D Taylor	12/12	3/3
P Wyer	12/12	6/6

* No Board meeting took place in the period 31 March 2011 to 6 April 2011, the date of Dr Skehan's resignation from the Board.

- The aggregate expenses paid to Directors in 2011/2012 were €47,974 (2010/2011: €61,832)

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 2012, the Group had fixed 100% (2011: 100%) of 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, credit, 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. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

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 swap arrangements.

Credit risk
The Group continually examines its credit policies in light of changing economic conditions that the Group operates in. Management, with the approval of the Board, has an ongoing programme of mitigating actions to reduce identified credit risks which include improved exception reporting and automated use of credit limits to manage risk. In addition, credit insurance is 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 medium term debt with maturities between 2013 and 2019. The Directors are satisfied that the Group has sufficient sources of short and medium-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 medium-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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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 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 2012 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 budgeting process for each business and the central support services culminating in an annual Group budget approved by the Board;
- a comprehensive planning process for each business and the central support services culminating in an annual Group long-term plan, 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, and
- 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 policies and control requirements. 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 includes:

- 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.

Directors' Report
continued

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
Mr P Bennett, Mr P Fox, Mr P McEvoy and Mr C 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 28 March 2012.

Codes of Conduct
The Code of Conduct for Employees continued in place during the 2011/2012 financial year. A Code of Conduct for Directors was adopted in April 2002 and remains in place.

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 recognising this as an effective way of meeting our business challenges.

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.

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

6 July 2012

Senior Leadership Team

Michael Barry – Head of Finance and Corporate Services

Tom Bradley – Head of Environmental

Joe Coleman – Group Treasurer

John Corcoran – Head of Retail

Gabriel D'Arcy – Managing Director

Hubert Henry – Head of Innovation

Emer Moran – Head of Resource Recovery

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

Independent Auditors' Report to the Members of Bord na Móna plc

We have audited the Group and parent Company financial statements (the "financial statements") of Bord na Mona PLC for the period ended 28 March 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. 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 20.

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 parent 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 2012, 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 parent Company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the parent 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 parent company to convene an extraordinary general meeting of the parent company; such a financial situation may exist if the net assets of the parent company, as stated in the parent 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 21 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 parent Company's affairs as at 28 March 2012 and of the Group's loss and cash flows for the period then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2012 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 parent company. The parent company's balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report on pages 18 to 22 is consistent with the financial statements.

The net assets of the parent company, as stated in the parent company balance sheet on page 37 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 28 March 2012 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 parent company.

Paul Tuite
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

10 July 2012

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 2012, 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 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 as listed on page 47.

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 cash flow 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 the acquisition are also recognised, where the underlying contingency was in existence before the acquisition (e.g. environmental re-instatement provisions).

Joint ventures are undertakings over which Bord na Móna exercises control jointly with one or more parties. The Group's share of profits/losses of joint ventures is included in the consolidated profit and loss account. The Group's interest in their net assets/liabilities is included as a financial asset in the consolidated balance sheet at an amount representing the fair value of the Group's share of the net assets plus the Group's share of retained profits or losses.

Turnover

Turnover is comprised of revenue, excluding value added tax, 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 the 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 a services performed 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 in 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 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 swap 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 private placement facilities. In order to hedge the associated exchange rate exposures and fix the floating interest rates, the Group entered into a number of swap arrangements which match the maturity profile of the unsecured loan notes.

The fair value of the financial instruments is disclosed at each balance sheet date.

Emission allowances

In accordance with the provisions of the European CO_2 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 CO_2 during that year. Certain of the emissions costs are recoverable from ESB Customer Supply under the PPA.

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) and overheads.

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

The cost of landfill sites includes acquisition costs and the cost of construction.

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 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 expenditure 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.

Accounting Policies, Critical Accounting Estimates and Judgements continued

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 supplies electricity to ESB Customer Supply under the PPA 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.

The Group's peaking plant at Edenderry 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 the licensed life of the infrastructural assets associated with it and the landfill cells are depreciated on the basis of the usage of void space.

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

Financial assets
Interests in subsidiary undertakings are initially recorded at cost on the Bord na Móna plc balance sheet.

The Group's interest in joint ventures is the determined under the equity method in accordance with the provisions of FRS 9 'Associates and Joint Ventures' and represents the Group's share of net assets (other than goodwill) of the joint ventures or investment in the joint venture at inception.

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. Reductions in valuations are recorded as a movement in the revaluation reserve through the statement of total recognised gains and losses. Revaluations below depreciated historical cost regarded as permanent are charged to the profit and loss account in the period.

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

Business development costs
Development costs are expensed to the profit and loss account as 'Business Development' costs if the criteria for capitalisation as an asset are not satisfied.

Development costs are capitalised as an intangible asset in line with accounting policy if there is (i) sufficient evidence that an asset has been created (ii) future inflow of benefit will occur and (iii) it can be measured with sufficient reliability.

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. Provisions 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 'Provisions, Contingent Liabilities and Contingent Assets', 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 using a risk free rate. The provision is increased by a financing charge in each period, which is calculated based on the provision balance and discount rate applied at the last measurement date (updated annually) and is included in the profit and loss account as a financing charge.

Environmental reinstatement provision
Provision is made for environmental reinstatement costs relating to the after-use of cutaway peatland and decommissioning costs. The provision is recorded when the circumstances giving rise to the obligation to reinstate the assets 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.

Accounting Policies, Critical Accounting Estimates and Judgements continued

Landfill restoration provision
A provision is recorded for the present value of the Group's unavoidable costs in relation to the aftercare and the restoration cost of the landfill facility. This value is capitalised as a tangible fixed asset. Provision is made for the present value 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.

Provision for generating stations closure
The provision for closure of generating stations represents the present value of the current estimate of the costs of closure of the stations at the end of their useful lives.

The estimated costs of closing stations are recognised in full, but discounted to present values using a risk free rate. The costs are capitalised in the tangible fixed asset and depreciated in the same way as the generating asset itself. The costs are reviewed each year and amended as appropriate. Amendments to the discounted estimated costs are capitalised into the relevant assets and depreciated prospectively.

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 team, and other experts.

Warranty provision
The Group issues warranties for certain 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.

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

Where the scheme rules require a surplus arising in the scheme to be shared between the employee and the members, the amount passed to the members is treated as an increase in the scheme liabilities.

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.

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 account 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:

(a) 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 28 March 2012 are outlined in Note 25 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 FRS 17 'Retirement Benefits' at 28 March 2012, 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 both 28 March 2012 and 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.

(b) 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 calculated based on the determination of a value in use for the income generating unit. This determination is based on forecasted future cash flows.

The Group's Resource Recovery business is continuing to operate in challenging and highly competitive economic conditions and 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 potential impact on the recoverable amount of changes in these key assumptions is set out in Note 7 to the financial statements.

(c) Carrying value of power plants
The Group's power plant at Edenderry operates a fifteen year PPA with the ESB Customer Supply to provide electricity on a priority despatch basis. This PPA expires in December 2015. The plant's 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.

(d) 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 31 March 2011 to 28 March 2012 (prior year: 52-week period 1 April 2010 to 30 March 2011).

Group Profit and Loss Account
for the year ended 28 March 2012

	Note		**2011/2012 €'000**		2010/2011 €'000
Turnover	2		**383,826**		382,069
Operating Costs	2		**(386,712)**		(357,611)
Operating (loss)/profit	2		**(2,886)**		24,458
Profit on disposal of fixed assets			**1,049**		0
Amounts written off investment property	9		**(777)**		0
Share of loss of joint venture	10		**(332)**		0
(Loss)/profit before finance charges and taxation			**(2,946)**		24,458
Interest receivable and similar income	5	**5,705**		6,232	
Interest payable and similar charges	5	**(16,086)**		(14,830)	
Other finance income and charges	5	**585**		867	
			(9,796)		(7,731)
(Loss)/profit on ordinary activities before taxation			**(12,742)**		16,727
Taxation on ordinary activities	6		**(3,519)**		(3,807)
(Loss)/profit after taxation on ordinary activities			**(16,261)**		12,920
Equity minority interests	19		**286**		207
(Loss)/profit for the financial year			**(15,975)**		13,127

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 28 March 2012

	Note	THE GROUP 2011/2012 €'000	2010/2011 €'000
(Loss)/profit for the financial year		**(15,975)**	13,127
Actuarial loss recognised on pension schemes	25	**(31,379)**	(855)
Deferred tax related to actuarial loss	17(e)	**3,864**	123
Revaluation of investment property	9	**(2,463)**	(1,700)
Exchange profit/(loss) on foreign subsidiaries		**216**	(244)
Total recognised (losses) and gains for the financial year		**(45,737)**	10,451

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

Reconciliation of Movement on Shareholders' Funds

for the year ended 28 March 2012

	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 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	25	0	0	(855)	0	(855)
Deferred tax related to actuarial loss	17(e)	0	0	123	0	123
Revaluation of investment property	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
Loss for the financial year ended 28 March 2012		**0**	**0**	**(15,975)**	**0**	**(15,975)**
Dividend paid	**3**	**0**	**0**	**(4,332)**	**0**	**(4,332)**
Loss retained for the financial year ended 28 March 2012		**0**	**0**	**(20,307)**	**0**	**(20,307)**
Actuarial loss recognised on pension schemes	**25**	**0**	**0**	**(31,379)**	**0**	**(31,379)**
Deferred tax related to actuarial loss	**17(e)**	**0**	**0**	**3,864**	**0**	**3,864**
Revaluation of investment property	**9**	**0**	**0**	**0**	**(2,463)**	**(2,463)**
Exchange adjustments on foreign subsidiaries		**0**	**0**	**216**	**0**	**216**
Net decrease in shareholders' funds		**0**	**0**	**(47,606)**	**(2,463)**	**(50,069)**
Shareholders' funds at 30 March 2011		**82,804**	**1,959**	**144,164**	**2,463**	**231,390**
Shareholders' funds at 28 March 2012		**82,804**	**1,959**	**96,558**	**0**	**181,321**

Reconciliation of Movement on Shareholders' Funds

for the year ended 28 March 2012 (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 30 March 2011		0	0	(27,352)	0	(27,352)
Dividend paid	3	0	0	(3,469)	0	(3,469)
Net reduction 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
Loss for the financial year ended 28 March 2012		**0**	**0**	**(36,922)**	**0**	**(36,922)**
Dividend received				**85,000**		**85,000**
Dividend paid	**3**	**0**	**0**	**(4,332)**	**0**	**(4,332)**
Net increase in shareholders' funds		**0**	**0**	**43,746**	**0**	**43,746**
Shareholders' funds at 30 March 2011		**82,804**	**1,959**	**8,339**	**0**	**93,102**
Shareholders' funds at 28 March 2012		**82,804**	**1,959**	**52,085**	**0**	**136,848**

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 trading loss of €36,922,000 (2011: loss of €27,352,000) and a retained profit of €43,746,000 (2011: retained loss of €30,821,000).

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

Group Balance Sheet
as at 28 March 2012

	Note	28 March 2012 €'000	30 March 2011 €'000
Fixed Assets			
Intangible assets	7	**16,402**	33,862
Tangible assets	8	**244,935**	261,231
Investment properties	9	**8,660**	11,900
Financial assets	10	**1,193**	0
		271,190	306,993
Current Assets			
Stocks	11	**95,599**	83,117
Debtors	12	**72,162**	76,061
Cash at bank and in hand		**196,326**	198,833
		364,087	358,011
Creditors - amounts falling due within one year	13	**(87,040)**	(92,098)
Net current assets		**277,047**	265,913
Total assets less current liabilities		**548,237**	572,906
Creditors - amounts falling due after more than one year	14	**(275,141)**	(276,311)
Provisions for liabilities	17	**(49,692)**	(46,552)
Net assets before pension funds' assets and liabilities		**223,404**	250,043
Pension fund asset	25	**976**	4,848
Pension funds' liabilities	25	**(42,218)**	(22,251)
Net assets after pension funds' assets and liabilities		**182,162**	232,640
Capital and Reserves			
Called-up share capital	18	**82,804**	82,804
Share premium	18	**1,959**	1,959
Revaluation reserve		**0**	2,463
Profit and loss account		**96,558**	144,164
Equity shareholders' funds		**181,321**	231,390
Minority shareholders' interests			
Equity interests	19	**(397)**	12
Non-equity interests	19	**1,238**	1,238
		841	1,250
		182,162	232,640

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

Company Balance Sheet
as at 28 March 2012

	Note	28 March 2012 €'000	30 March 2011 €'000
Fixed Assets			
Tangible assets	8	**4,595**	4,767
Financial assets	10	**95,401**	114,678
		99,996	119,445
Current Assets			
Debtors	12	**253,747**	219,477
Cash at bank and in hand		**182,477**	172,526
		436,224	392,003
Creditors - amounts falling due within one year	13	**(122,097)**	(140,169)
Net current assets		**314,127**	251,834
Total assets less current liabilities		**414,123**	371,279
Creditors - amounts falling due after more than one year	14	**(263,040)**	(262,865)
Provisions for liabilities	17	**(9,840)**	(11,390)
Net assets before pension fund liabilities		**141,243**	97,024
Pension fund liabilities	25	**(4,395)**	(3,922)
Net assets after pension fund liabilities		**136,848**	93,102
Capital and Reserves			
Called-up share capital	18	**82,804**	82,804
Share premium	18	**1,959**	1,959
Profit and loss account		**52,085**	8,339
Equity shareholders' funds		**136,848**	93,102

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

Cash Flow Statement
for the year ended 28 March 2012

	Note	2011/2012 €'000	2010/2011 €'000
Net cash inflow from operating activities	20(a)	**42,090**	56,839
Returns on investments and servicing of finance	20(b)	**(10,280)**	(8,377)
Taxation		**(4,293)**	(3,377)
Capital expenditure and financial investment	20(b)	**(23,538)**	(49,204)
Acquisition of business undertakings	20(b)	**(1,708)**	0
Equity dividends paid to shareholders	3	**(4,332)**	(3,469)
Net cash outflow before use of liquid resources and financing		**(2,061)**	(7,588)
Financing	20(b)	**0**	0
Decrease in net cash		**(2,061)**	(7,588)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2011/2012 €'000	2010/2011 €'000
Decrease in cash during the year		**(2,061)**	(7,588)
Change in net debt resulting from cash flows		**(2,061)**	(7,588)
Net debt at beginning of the financial year		**(64,653)**	(57,065)
Net debt at end of the financial year	20(c)	**(66,714)**	(64,653)

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

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. (Loss)/profit before taxation

	Continuing operations	
	2011/2012	2010/2011
	€'000	€'000
Turnover [1]		
Feedstock	**121,339**	126,271
Powergen	**71,340**	60,533
Retail	**183,344**	194,098
Resource Recovery	**65,496**	56,450
Environmental and other	**13,026**	13,559
	454,545	450,911
Less inter Group sales	**(70,719)**	(68,842)
Net third party turnover	**383,826**	382,069
Cost of sales	**(276,974)**	(268,506)
Gross profit	**106,852**	113,563
Distribution costs	**(31,724)**	(30,658)
Administration expenses [2]	**(78,014)**	(58,447)
Group operating (loss)/profit	**(2,886)**	24,458

1 The Group is organised into five divisions, Feedstock, Powergen, Retail, (formerly Fuels and Horticulture), Resource Recovery and Environmental. Analyses 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 expenses includes:
(a) following the 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 €16,857,000 against intangible assets (Note 7) (March 2011: €6,837,000) and an impairment charge of €6,876,000 against tangible assets (Note 8) (March 2011: Nil) in the Group's Resource Recovery and Environmental businesses.
(b) the charge for reorganisation and redundancy costs of €147,000 (March 2011: €745,000). The group operates a voluntary redundancy and early retirement scheme.

2. (Loss)/profit before taxation (continued)

	2011/2012 €'000	2010/2011 €'000
(Loss)/profit before taxation is arrived at after charging/(crediting)		
Auditors remuneration[1]		
Statutory audit of Group accounts	**340**	340
Other assurance services	**230**	287
Tax advisory services	**392**	209
Other non-audit services	**171**	20
Operating lease rentals		
Plant and machinery	**1,432**	1,715
Land and buildings	**1,420**	1,119
Staff costs:		
Wages and salaries	**95,607**	101,654
Social welfare costs	**10,140**	10,490
Pension costs	**3,356**	3,753
	109,103	115,897
Staff costs capitalised	**(704)**	(857)
Net staff costs	**108,399**	115,040
Depreciation (Note 8)	**38,399**	39,106
Impairment of tangible assets (Note 8)	**6,876**	0
Profit on disposal of peatlands	**(138)**	(240)
Profit on disposal of other fixed assets	**(34)**	(279)
Amortisation of intangible assets (Note 7)	**3,291**	3,723
Impairment of intangible assets (Note 7)	**16,857**	6,837
Research and business development expenditure	**5,664**	5,323
Capital grants amortised (Note 16)	**(1,391)**	(1,375)

Number of employees	2011/2012	2010/2011
Average numbers employed		
Manufacturing and production	**1,596**	1,583
Administration	**545**	539
	2,141	2,122
Peak employment	**2,468**	2,332

[1] During the year, the Company obtained audit services from the Group's auditors to the value of €10,000 (2011: €10,000).

3. Dividends

	2011/2012 €'000	2010/2011 €'000
To the Minister for Communications, Energy and Natural Resources	**4,115**	3,296
To Bord na Móna ESOP Trustee Limited	**217**	173
	4,332	3,469

The Company paid a dividend of €0.07 per share during the year (2011: €0.05). The total dividend payment for the year was €4,332,000 (2011: €3,469,000) which represented 33% of the profits for the financial year ending 30 March 2011.

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 28 March 2012	**13**	**231**	**0**	**58**	**20**	**322**
Year ended 30 March 2011	13	231	0	58	20	322

	Fees €'000	Other emoluments €'000	Company contributions to pension €'000	Total €'000
Directors - Worker Participation				
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 28 March 2012	**50**	**441**	**35**	**526**
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 30 March 2011	50	275	21	346

Mr P. McEvoy and Mr C. Ó Gógáin were appointed to the Board on 1 January 2011. Therefore, their emoluments for the year ended 30 March 2011 are only included from the appointment date.

Non executive Directors				
Other non executive directors (7) 28 March 2012	**79**	**0**	**0**	**79**
Other non executive directors (7) 29 March 2011	97	0	0	97

The non executive Chairman receives a fee of €21,600 and each of the Directors receive an annual fee of €12,600. These amounts are adjusted on a pro rata basis where a term of office commences or concludes during the year.

5. Other finance (charges)/income

	2011/2012 €'000	2010/2011 €'000
(a) Interest receivable and similar income		
Interest receivable	**5,705**	6,232
(b) Interest payable and similar charges		
Interest payable on borrowings wholly repayable within five years		
Bank overdraft and loan	**(148)**	(128)
Unsecured loan notes	**(7,543)**	(3,602)
Interest payable on borrowings wholly repayable after more than five years		
Unsecured loan notes	**(8,351)**	(12,273)
Amortisation of issue costs	**(176)**	(176)
Net interest payable	**(16,218)**	(16,179)
Less capitalised interest [1]	**132**	1,349
	(16,086)	(14,830)
(c) Other finance income and charges		
Other finance income - pension schemes (Note 25)	**1,598**	1,576
Financing charges on provision for environmental reinstatement costs (Note 17)	**(1,013)**	(709)
	585	867
Net other finance charges	**(9,796)**	(7,731)

[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).

Notes to the Financial Statements
continued

6. Taxation

	2011/2012 €'000	2010/2011 €'000
Taxation based on the (loss)/profit for the year:		
Irish corporation tax		
Current tax for the year	**2,733**	4,431
Adjustments in respect of prior years	**113**	(167)
	2,846	4,264
Foreign taxation		
Current tax for the year	**9**	33
Adjustments in respect of prior years	**0**	0
	9	33
Total current tax (see note below)	**2,855**	4,297
Deferred tax - origination and reversal of timing differences (Note 17)	**664**	(490)
Tax on profits on ordinary activities	**3,519**	3,807
Factors affecting corporation tax charge for the year		
(Loss)/profit before taxation	**(12,742)**	16,727
Standard rate of corporation tax for the year	**12.5%**	12.5%
(Loss)/profit before taxation multiplied by standard rate	**(1,593)**	2,091
Effects of:		
Expenses not deductible for tax purposes	**722**	168
Depreciation and amortisation in excess of capital allowances	**791**	1,294
Impairment of tangible assets	**860**	0
Amortisation of intangible assets	**411**	466
Impairment of intangible assets	**2,107**	855
Utilisation of tax losses	**(60)**	(38)
Manufacturing relief	**0**	(119)
Taxation rate differences	**29**	29
Pension contribution relief in excess of pension cost charge	**(525)**	(282)
Adjustments in respect of prior years	**113**	(167)
	2,855	4,297

7. Intangible assets

THE GROUP	Goodwill 2012 €'000	Patents 2012 €'000	Total 2012 €'000	Goodwill 2011 €'000	Patents 2011 €'000	Total 2011 €'000
AT COST						
At beginning of the financial year	**64,188**	**503**	**64,691**	64,260	503	64,763
Consideration and fair value adjustments	**0**	**0**	**0**	(79)	0	(79)
Arising on acquisition (Note 21)	**2,675**	**0**	**2,675**	0	0	0
Exchange adjustment	**15**	**0**	**15**	7	0	7
At end of the financial year	**66,878**	**503**	**67,381**	**64,188**	**503**	**64,691**
AMORTISATION						
At beginning of the financial year	**30,326**	**503**	**30,829**	20,015	252	20,267
Charge for year (Note 2)	**3,291**	**0**	**3,291**	3,622	101	3,723
Impairment	**16,857**	**0**	**16,857**	6,687	150	6,837
Exchange adjustment	**2**	**0**	**2**	2	0	2
At end of the financial year	**50,476**	**503**	**50,979**	**30,326**	**503**	**30,829**
NET BOOK AMOUNTS						
At beginning of the financial year	**33,862**	**0**	**33,862**	44,245	251	44,496
At end of the financial year	**16,402**	**0**	**16,402**	33,862	0	33,862

In accordance with the provisions of FRS 11 - 'Impairment of Fixed Assets', the Group has reviewed the carrying value of goodwill. The recoverable amounts of the identified income generating units (IGU) were 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% (2011: 2.3%) and a pre tax weighted average cost of capital of 9.7% (2011: 9.2%) 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 €16,857,000 (2011: €6,687,000) on it's investment in goodwill 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 2013 and 2014 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 4 years, 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 increased significantly in the last 12 months as landfill gate fees remain stable and regulation changes increased the landfill levy from €30 per tonne to €50 per tonne in September 2011. Further increases in landfill levies up to €75 per tonne are expected and are included in the projections 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 Group's waste collection IGU by €0.3 million. A movement in revenue yields of 1% would increase or decrease the recoverable amount by €4.5 million. A movement in processing costs of 1% would increase or decrease the recoverable amount by €0.9 million. A movement in the discount rate of 1% would increase or decrease the recoverable amount of the Group's waste collection IGU by €4.9 million.

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 30 March 2011	119,347	24,313	255,574	161,069	17,604	1,677	579,584
Reclassification	7,778	0	(7,709)	121	(190)	0	0
Additions at cost [1]	1,199	3,094	11,491	1,333	1,021	10,208	28,346
Arising on acquisition (Note 21)	0	0	651	0	0	0	651
Disposals	(4,724)	0	(23,982)	0	(529)	0	(29,235)
Transfers from projects in progress	0	0	328	0	0	(328)	0
Exchange adjustment	0	0	62	0	99	4	165
At 28 March 2012	123,600	27,407	236,415	162,523	18,005	11,561	579,511
ACCUMULATED DEPRECIATION							
At 30 March 2011	85,904	12,209	177,339	36,777	6,124	0	318,353
Reclassification	(2,864)	0	4,298	(92)	(1,342)	0	0
Charge for year (Note 2)	6,416	3,462	17,382	10,515	624	0	38,399
Impairment [2]	300	0	1,576	0	5,000	0	6,876
Disposals	(3,328)	0	(25,224)	0	(528)	0	(29,080)
Exchange adjustment	0	0	25	0	3	0	28
At 28 March 2012	86,428	15,671	175,396	47,200	9,881	0	334,576
NET BOOK VALUE							
At 30 March 2011	33,443	12,104	78,235	124,292	11,480	1,677	261,231
At 28 March 2012	37,172	11,736	61,019	115,323	8,124	11,561	244,935

[1] Included in additions is a sum of €2,673,000 (2011: €1,206,000) in respect of a restoration asset for the landfill sites, a sum of €1,039,000 in respect of Powergen decommissioning assets (2011: €Nil) (Note 17) and a sum of €132,000 (2011: €1,349,000) 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% (2011: 7.3%).

[2] In accordance with the provisions of FRS 15 - 'Tangible Fixed Assets' the Group conducted impairment reviews of the Group's tangible assets. This process has resulted in an impairment charge of €6,876,000 (2011: €Nil).

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 30 March 2011	559	9,785	5,872	16,216
Reclassification	0	190	(190)	0
Additions at cost	0	534	1,021	1,555
Disposals	0	0	(528)	(528)
At 28 March 2012	559	10,509	6,175	17,243
ACCUMULATED DEPRECIATION				
At 30 March 2011	0	7,458	3,991	11,449
Reclassification	0	397	(397)	0
Charge for year	0	1,320	407	1,727
Disposals	0	0	(528)	(528)
At 28 March 2012	0	9,175	3,473	12,648
NET BOOK VALUE				
At 30 March 2011	559	2,327	1,881	4,767
At 28 March 2012	559	1,334	2,702	4,595

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

	2012 €'000	2011 €'000
At beginning of the financial year	**11,900**	13,600
Revaluation during the year charged to the statement of total recognised gains and losses	**(2,463)**	(1,700)
Revaluation during the year charged to the profit and loss account	**(777)**	0
At end of the financial year	**8,660**	11,900

The investment property is stated at market value as at 28 March 2012. Market value means 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

The valuation of the Group's freehold interest in the property was carried out by DTZ Sherry Fitzgerald, qualified professional valuers acting in the capacity as external valuer. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards Global, 7th Edition (the 'Red Book'). The valuation was carried out as at 28 March 2012.

The market value of the investment has been primarily derived using comparable market transactions on arms length terms and an assessment of market sentiment. The valuation reflects, where appropriate, the type of tenant actually in occupation or likely to be in occupation after letting of vacant accommodation and the market's perception of their creditworthiness and the remaining useful life of the property.

10. Financial assets

(i) THE GROUP

	2012 €'000	2011 €'000
JOINT VENTURE		
At beginning of the financial year	**0**	0
Investment during the year	**1,525**	0
Group share of loss	**(332)**	0
At end of financial year	**1,193**	0
Share of gross assets	**1,525**	0
Share of gross liabilities	**(332)**	0
Share of net assets	**1,193**	0

The following transactions were carried out with the joint venture:

	2012 €'000	2011 €'000
(a) Purchase of service	**253**	0
(b) Provision of finance	**1,500**	0
(c) Amounts receivable from joint venture	**253**	0
(d) Amounts payable to joint venture	**1,525**	0

Oweninny Power Limited was incorporated in September 2011 as a joint venture between Bord na Móna Energy Limited and ESB Wind Development Limited to develop a 172MW wind farm in Oweninny, Co. Mayo. The joint venture has not yet commenced trading.

(ii) THE COMPANY

	Subsidiary undertakings			
	Unlisted shares €'000	Convertible loan stock €'000	Loans €'000	Total €'000
At beginning of the financial year	25,400	1,512	87,766	114,678
Impairment during the year	(18,547)	(730)	0	(19,277)
At end of the financial year	6,853	782	87,766	95,401

The Company has reviewed the carrying value of investments in subsidiary companies as at 28 March 2012. The review resulted in an impairment of the value of unlisted shares of €18,547,000 (2011: €18,184,000).

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 Company has reviewed the carrying value of investments in convertible loan stock and impaired the investment by €730,000 (2011: €Nil).

10. Financial assets (Continued)

The principal subsidiary and joint venture companies in the Group at 28 March 2012 are as follows:

Subsidiary 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 UK Limited	Sale and distribution of solid fuels and horticultural products	Bridgewater, Somerset, England	100
Bord na Móna Environmental Limited	Production, sale and installation of environmental products.	Newbridge, Co Kildare	100
Bord na Móna Environmental UK Limited	Sale and installation of environmental products	Bridgewater, Somerset, England	100
Bord na Móna Environmental Products US Inc.	Sale and installation of environmental products	Delaware, U.S.A.	100
Advanced Environmental Solutions (Ireland) Limited	Resource recovery and recycling company	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
Joint venture company			
Oweninny Power Limited	Power generation	St. Stephens Green, Dublin 2	50

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 2012 €'000	THE GROUP 2011 €'000
Raw materials	**22,020**	15,415
Work in progress	**318**	34
Finished goods	**67,568**	61,467
Maintenance spares	**5,693**	6,201
	95,599	83,117

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

12. Debtors

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Trade debtors	**55,259**	56,030	**0**	0
Amounts due from subsidiary companies	**0**	0	**249,909**	215,561
Amount owed by joint venture undertaking	**246**	0	**0**	0
Value-added tax	**0**	0	**122**	176
Corporation tax	**385**	1,685	**96**	106
Deferred tax (Note 17(e))	**1,290**	2,050	**335**	281
Prepayments and accrued revenue	**12,273**	14,196	**2,908**	2,981
Other debtors	**2,709**	2,100	**377**	372
	72,162	76,061	**253,747**	219,477
Amounts fall due as follows:				
- within one year	**71,709**	75,392	**59,939**	70,373
- after more than one year	**453**	669	**193,808**	149,104
	72,162	76,061	**253,747**	219,477

13. Creditors - amounts falling due within one year

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Bank loans and overdraft (Note 15)	**0**	621	**102,408**	111,920
Capital grants (Note 16)	**1,392**	1,438	**0**	0
Trade creditors and accruals	**50,628**	50,202	**1,009**	354
Deferred revenue	**8,059**	8,038	**0**	0
Other accruals	**13,936**	16,640	**8,425**	8,627
Other creditors	**6,936**	7,759	**0**	0
Amounts due to subsidiaries companies	**0**	0	**7,834**	16,687
Amount owed to joint venture undertaking	**1,525**	0	**0**	0
Creditors in respect of taxation and social welfare (see below)	**4,564**	7,400	**2,421**	2,581
	87,040	92,098	**122,097**	140,169

Creditors in respect of taxation and social welfare comprise:

Income tax deducted under PAYE	**1,382**	1,456	**1,361**	1,436
Pay-related social insurance	**991**	994	**967**	972
Corporation tax	**787**	3,525	**0**	0
Value-added tax	**1,277**	1,212	**0**	0
Other taxes	**127**	213	**93**	173
	4,564	7,400	**2,421**	2,581

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

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Unsecured loan notes (Note 15)	**263,040**	262,865	**263,040**	262,865
Capital grants (Note 16)	**12,101**	13,446	**0**	0
	275,141	276,311	**263,040**	262,865

15. Bank loans, overdrafts and unsecured notes

	Within One Year €'000	Between One and Two Years €'000	Between Two and Five Years €'000	After more than Five Years €'000	Total €'000
THE GROUP					
Unsecured loan notes	0	19,542	105,216	138,282	263,040
At 28 March 2012	0	19,542	105,216	138,282	263,040
At 30 March 2011	621	0	60,092	202,773	263,486
THE COMPANY					
Overdrafts	102,408	0	0	0	102,408
Unsecured loan notes	0	19,542	105,216	138,282	263,040
At 28 March 2012	102,408	19,542	105,216	138,282	365,448
At 30 March 2011	111,920	0	60,092	202,773	374,785

On 28 March 2012 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 hedge the exchange rate exposures and convert the floating interest rates to fixed, the Group entered into a number of swap arrangements 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 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:

	2012 Book Value €'000	**2012 Fair Value €'000**	2011 Book Value €'000	2011 Fair Value €'000
THE GROUP				
Fixed rate debt US Private Placement 22 June 2006	**117,463**	**116,414**	117,463	98,885
Fixed rate debt US Private Placement 6 August 2009	**146,428**	**137,553**	146,428	145,222
Total Fixed rate debt US Private Placement	**263,891**	**253,967**	263,891	244,107

16. Deferred income - capital grants

	THE GROUP 2012 €'000	THE GROUP 2011 €'000
At beginning of the financial year	**14,884**	15,728
Additions	**0**	531
Amortised during the year (Note 2)	**(1,391)**	(1,375)
At end of the financial year	**13,493**	14,884
Amounts due as follows:		
- within one year (Note 13)	**1,392**	1,438
- after more than one year (Note 14)	**12,101**	13,446
	13,493	14,884

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 30 March 2011	28,759	750	8,560	77	8,406	46,552
Reclassification[1]	818	19	0	1,711	0	2,548
Charge to the profit and loss account	725	369	1,750	1,400	(587)	3,657
Credit to the profit and loss account	(1,178)	(222)	(1,405)	(74)	0	(2,879)
Financing charge (Note 5)	1,013	0	0	0	0	1,013
Capitalised during the year	3,712	0	0	0	0	3,712
Utilised during the year	(1,077)	(509)	(1,881)	(1,444)	0	(4,911)
At 28 March 2012	32,772	407	7,024	1,670	7,819	49,692

THE COMPANY

	Environmental Reinstatement €'000	Reorganisation & Redundancy €'000	Insurance €'000	Other €'000	Deferred Tax excluding deferred tax on pension deficit €'000	Total €'000
At 30 March 2011	3,130	0	8,260	0	0	11,390
Reclassification	(90)	0	0	58	0	(32)
Charge to the profit and loss account	0	19	1,750	125	0	1,894
Credit to the profit and loss account	(112)	0	(1,405)	(8)	0	(1,525)
Utilised during the year	(133)	0	(1,704)	(50)	0	(1,887)
At 28 March 2012	2,795	19	6,901	125	0	9,840

1 Reclassification of amounts previously included in other accruals (Note 13).

(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 occur giving rise to the obligation under the company's I.P.P.C. licence to decommission and reinstate the peatlands post peat production. The provision of €14,975,000 represents the present value of the expected future costs of decommissioning and reinstatement. These future costs will be charged to the provision as incurred. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

(ii) Environmental provisions of €6,770,000 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 in 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. Two of the sites have been reinstated in full.

(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 measured at present value amounts to €7,116,000 at 28 March 2012. 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 available. 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)

(v) A provision is made for power station closure costs based on the present value of the current estimate of the costs of closure of generating stations at the end of their useful economic lives. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

(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 2012 is a sum of €254,000 (2011: €217,000) 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, refundable deposits 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	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000
Accelerated capital allowances	**7,030**	7,474	**(175)**	(153)
Provisions	**(348)**	(299)	**(160)**	(128)
Unutilised tax losses	**(153)**	(819)	**0**	0
Undiscounted provision for deferred tax	**6,529**	6,356	**(335)**	(281)
Pension asset - deferred tax liability (Note 25)	**139**	693		
Pension liability - deferred tax asset (Note 25)	**(5,403)**	(2,618)		
Deferred tax including that relating to pension deficit	**1,265**	4,431		
Deferred tax at the beginning of the financial year	**4,431**	5,044	**(281)**	(33)
Deferred tax charge/(credit) in the profit and loss account excluding charge related to pensions	**139**	(970)	**(54)**	(248)
Deferred tax charge in the profit and loss account related to pensions	**525**	480	**0**	0
Net deferred tax charge/(credit) in the profit and loss account (Note 6)	**664**	(490)	**(54)**	(248)
Deferred tax (credit)/charge on pension liability in statement of total recognised gains and losses	**(3,864)**	(123)	**0**	0
Loss relief surrendered to minority shareholder	**34**	0	**0**	0
Provision at the end of the financial year	**1,265**	4,431	**(335)**	(281)
Deferred tax provision	**7,819**	8,406	**0**	0
Deferred tax asset (Note 12)	**(1,290)**	(2,050)	**(335)**	(281)
Deferred tax liability related to pension fund asset (Note 25)	**139**	693	**0**	0
Deferred tax asset related to pension fund liability (Note 25)	**(5,403)**	(2,618)	**0**	0
	1,265	4,431	**(335)**	(281)

At 28 March 2012 the Group had other potential deferred tax assets amounting to €1,810,000 (March 2011: €797,000). These assets have not been recognised due to uncertainty over recoverability.

18. Share capital

	2012 €'000	2011 €'000
Authorised		
300,000,000 ordinary shares of €1.27 each	**380,921**	380,921

Allotted and fully paid	2012 Share Capital €'000	2012 Share Premium €'000	2012 Total €'000	2011 Share Capital €'000	2011 Share Premium €'000	2011 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 28 March 2012 the total number of ordinary shares allotted and fully paid was 65,212,638 (March 2011: 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 in a number of years prior to 2008.

In December 2008, Bord na Móna plc issued 3,260,631 shares to Bord na Móna ESOP Trustee Limited for €6,100,000. 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 were initially held by the Trust before being appropriated on the third anniversary of the allocation date. In December 2011, all of the shares were appropriated to the eligible participants through the Approved Profit Sharing Scheme in accordance with the rules of the scheme.

19. Minority shareholders' interests

	Equity interests €'000	Non-equity interests €'000	Total €'000
At 30 March 2011	12	1,238	1,250
Share of loss for the financial year	(286)	0	(286)
Dividends paid	(123)	0	(123)
At 28 March 2012	(397)	1,238	841

20. Amounts included in cash flow statement

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

	2011/2012 €'000	2010/2011 €'000
Operating (loss)/profit	**(2,886)**	24,458
Depreciation of tangible assets	**38,399**	39,106
Impairment of tangible assets	**6,876**	0
Amortisation of intangible assets	**3,291**	3,723
Impairment of intangible assets	**16,857**	6,837
Non-cash consideration for acquisition undertaking	**(1,626)**	0
(Profit)/loss on sale of fixed assets	**(172)**	39
Amortisation of capital grants	**(1,391)**	(1,375)
Difference between restructuring charge and payments	**(362)**	229
Difference between pension charge and cash contributions	**(2,603)**	(2,263)
Increase in stocks	**(12,482)**	(19,363)
Decrease/(increase) in debtors	**2,690**	(3,749)
(Decrease)/increase in creditors	**(4,501)**	9,197
NET CASH INFLOW FROM OPERATING ACTIVITIES	**42,090**	56,839

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

	2011/2012 €'000	2010/2011 €'000
Returns on investments and servicing of finance		
Interest paid	**(16,068)**	(16,363)
Interest received	**5,911**	7,986
Dividends paid to minority shareholders in subsidiary undertaking	**(123)**	0
NET CASH OUTFLOW	**(10,280)**	(8,377)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(23,865)**	(49,472)
Proceeds from disposal of fixed assets	**327**	268
NET CASH OUTFLOW	**(23,538)**	(49,204)
Acquisitions and disposals		
Acquisition of undertakings	**(1,708)**	0
NET CASH OUTFLOW	**(1,708)**	0
Financing		
NET CASH INFLOW	**0**	0

(c) Analysis of net debt

	At beginning of year €'000	Cash flow €'000	At end of year €'000
Cash at bank and in hand	198,833	(2,507)	196,326
Debt due within one year - bank loans (Note 13)	(621)	621	0
Debt due after more than one year - unsecured loan notes (Note 15)	(263,891)	0	(263,891)
Net debt before unsecured loan issue costs	(65,679)	(1,886)	(67,565)
Unsecured loan note issue costs (Note 5)	1,026		851
Net debt	(64,653)		(66,714)

21. Acquisitions

Advanced Environmental Solutions (Ireland) Limited acquired the waste collection business of Kildare County Council with effect from 22 August 2011, and the waste collection business of Wexford County Council with effect from 6 February 2012 for a combined consideration of €3,334,000. Both acquisitions have been accounted for using the acquisition method of accounting. Details of the provisional fair values of the assets acquired are set out below.

	Provisional Fair Value 2012 €'000
Tangible assets (Note 8)	**651**
Net current assets	**8**
Net assets acquired	**659**
Intangible assets arising on acquisition (Note 7)	**2,675**
Total consideration (including transaction costs)	**3,334**
Satisfied by:	
Cash	**1,708**
Non-cash consideration	**1,626**
Total consideration	**3,334**

22. Capital commitments

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

	2012 €'000	2011 €'000
THE GROUP		
Tangible asset commitment	**5,236**	3,598
	5,236	3,598
THE COMPANY		
Tangible asset commitment	**0**	0
	0	0

23. Financial commitments

At 28 March 2012 there were annual commitments under non-revocable operating leases expiring as follows:

THE GROUP	Land and Buildings 2012 €'000	Plant and Machinery 2012 €'000	Land and Buildings 2011 €'000	Plant and Machinery 2011 €'000
Operating leases which expire:				
Within one year	**55**	**375**	55	519
Within one to five years	**372**	**960**	372	812
After five years	**673**	**0**	674	0
	1,100	**1,335**	1,101	1,331

THE COMPANY	Other 2012 €'000	Plant and Machinery 2012 €'000	Other 2011 €'000	Plant and Machinery 2011 €'000
Operating leases which expire:				
Within one year	**0**	**31**	0	65
Within one to five years	**0**	**116**	0	96
After five years	**0**	**0**	0	0
	0	**147**	0	161

24. 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 28 March 2012 the value of these guarantees was €6,980,000 (2011: €7,144,000).

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.

25. 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 €4,395,000 based on an actuarial valuation at 28 March 2012 (March 2011: €3,922,000).

(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 2011 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 €238.5 million.

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

(i) a deficit of €34.2 million on the GESS scheme

(ii) a deficit of €4.8 million on the RWESS scheme

(iii) a deficit of €3.5 million on the BnM Fuels scheme

At March 2011 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 72% and 97% of the benefits that had accrued to the members of the GESS and RWESS schemes respectively at the valuation dates. These actuarial valuations are available for inspection by members of the schemes but not for public inspection. In relation to the BnM Fuels scheme the actuarial value of total scheme assets was sufficient to cover 53% of the benefits that had accrued to members at the valuation date.

25. Pension schemes (continued)

In common with many other defined benefit pension schemes, all 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.

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 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, accrue over future service from 1 January 2010 until the sixtieth birthday of each member. The present value of the estimated cost at 28 March 2012 was €7,500,000 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.

The Group had a three year funding proposal in place on the BnM Fuels scheme and on completion of the funding still have a remaining deficit. The Group will enter into further discussions with all relevant parties to determine an appropriate course of action.

(c) FRS 17 'Retirement Benefits'
For the purposes of FRS 17 the actuarial valuations of the defined benefit schemes were updated to 28 March 2012 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 28 March 2012.

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 28 March 2012, 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 28 March 2012 as noted below.

Current service costs, determined using the projected unit method, and any past service items stemming from benefit 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 and charges in the profit and loss account.

25. Pension schemes (continued)

The amounts recognised in the Balance Sheet are as follows:

	March 2012 €'000	March 2011 €'000
Fair value of the schemes' assets	**251,169**	240,225
Present value of schemes' liabilities and unfunded pensions liability	**(296,560)**	(254,012)
Members' share of surplus on RWESS scheme	**(1,115)**	(5,541)
Revised present value of schemes' liabilities and unfunded pension liabilities	**(297,675)**	(259,553)
Pension deficit	**(46,506)**	(19,328)
Related net deferred tax asset (Note 17(e))	**5,264**	1,925
Net pension deficit	**(41,242)**	(17,403)
The net pension deficit is comprised as follows:		
Pension asset	**1,115**	5,541
Related net deferred tax liability (Note 17(e))	**(139)**	(693)
Pension asset net of deferred tax as per Group balance sheet	**976**	4,848
Pension deficit	**(47,621)**	(24,869)
Related net deferred tax asset (Note 17(e))	**5,403**	2,618
Pension deficit net of deferred tax as per Group balance sheet	**(42,218)**	(22,251)
Net pension deficit	**(41,242)**	(17,403)

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

	2011/2012 €'000	2010/2011 €'000
Analysis of the amount charged to operating profit		
Current service cost	**(2,368)**	(2,999)
	(2,368)	(2,999)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	**14,919**	14,854
Interest on schemes' liabilities	**(13,321)**	(13,278)
Net return on finance income (Note 5)	**1,598**	1,576
Total profit and loss account charge	**(770)**	(1,423)
Actual return on schemes' assets	**14,597**	10,287

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

	2011/2012 €'000	2010/2011 €'000
Actual return less expected return on schemes' assets	**(322)**	(4,567)
Experience gains arising on schemes' liabilities	**4,362**	5,914
Changes in assumptions underlying the present value of schemes' liabilities	**(39,845)**	0
Actuarial (loss)/gain recognised	**(35,805)**	1,347
Less members' share of movement on scheme surplus during the financial year	**4,426**	(2,202)
Actuarial loss recognised by the Group	**(31,379)**	(855)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 28 March 2012 is €56,892,000 (2011: €25,513,000 actuarial loss).

25. Pension schemes (continued)

Balance Sheet as at 28 March 2012

Movement in schemes' assets and liabilities	Scheme Assets €'000	Scheme Liabilities €'000	Scheme Deficit €'000
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 liabilities	0	(13,278)	(13,278)
Expected return on assets	14,854	0	14,854
Members' share of increased pension surplus at start of year	0	(2,202)	(2,202)
Actual less expected return on scheme assets	(4,567)	0	(4,567)
Experience losses on liabilities	0	5,914	5,914
Contributions by members	3,753	(3,753)	0
Employer's contributions paid	5,262	0	5,262
Benefits paid	(12,521)	12,521	0
At 30 March 2011	240,225	(259,553)	(19,328)
Service cost charged to the profit and loss account	0	(2,368)	(2,368)
Interest on scheme liabilities	0	(13,321)	(13,321)
Expected return on assets	14,919	0	14,919
Members' share of reduced pension surplus at start of year	0	4,426	4,426
Actual less expected return on assets	(322)	0	(322)
Experience losses on liabilities	0	4,362	4,362
Change in actuarial assumptions	0	(39,845)	(39,845)
Contributions by members	3,564	(3,564)	0
Employer's contributions paid	4,971	0	4,971
Benefits paid	(12,188)	12,188	0
At 28 March 2012	**251,169**	**(297,675)**	**(46,506)**

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 2013 are €4,998,000.

Risks and rewards arising from the assets
At 28 March 2012 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 €251,169,000 (2011: €240,225,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	March 2012 %	March 2011 %
Equities	**50.8**	60.3
Bonds	**39.1**	26.9
Property	**5.0**	5.5
Cash	**5.1**	7.3
Total	**100**	100

The schemes' assets do not include any ordinary shares issued by the Company. In addition the 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 7.25% and is expected to exceed that of bonds by on average 3.75%. The expected rate of return on cash is 1% and for property assets the expected rate of return is 5.5%. The pension levy deduction is 0.6%. The overall expected rate of return on schemes' assets at 28 March 2012 was 4.88% (2011: 6.26%).

25. Pension schemes (continued)

Financial assumptions

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

	March 2012	March 2011
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	**4.00%**	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 2012	March 2011
Males (RWESS)	**20.5**	20.5
Females (RWESS)	**23.4**	23.4
Males (Other)	**22.3**	20.5
Females (Other)	**23.7**	23.4

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

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:

	2011/2012 €'000	2010/2011 €'000	2009/2010 €'000	2008/2009 €'000	2007/2008 €'000
Defined benefit present value of obligation	**(296,560)**	(254,012)	(252,417)	(237,834)	(266,464)
Fair value of plan assets	**251,169**	240,225	233,444	186,484	253,672
Pension deficit	**(45,391)**	(13,787)	(18,973)	(51,350)	(12,792)
Experience adjustments arising on:					
the schemes' liabilities	**4,362**	5,914	7,220	7,686	3,787
as a percentage of the schemes' liabilities at March	**1.5%**	2.3%	2.9%	3.2%	1.4%
the schemes' assets	**(322)**	(4,567)	40,015	(72,302)	(41,173)
as a percentage of the schemes' assets at March	**(.1%)**	(1.9%)	17.1%	(38.8%)	(16.2%)

All scheme assets are stated to bid market values.

Company pension fund liability

	2011/2012 €'000	2010/2011 €'000
At beginning of the financial year	**3,922**	4,053
Utilised during year	**(346)**	(346)
Charge for year	**819**	215
At end of the financial year	**4,395**	3,922

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.

25. Pension schemes (continued)

Assumption	Change in Assumption	Present value of plan liabilities	Impact on plan liabilities	% Impact on plan liabilities
An increase in the discount rate	0.25%	287,449	(9,111)	-3%
An increase in salary inflation	0.25%	299,449	2,889	1%
An increase in pension escalation	0.25%	303,007	6,447	2%

(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 28 March 2012 amounted to €669,000 (2011: €223,000) which were charged to the profit and loss account and €70,000 (2011: €53,000) 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 28 March 2012 the Group contributed €395,000 (2011: €531,000) on behalf of it's employees. This was charged to the profit and loss account and €1,802 (2011: €2,765) was payable at year end.

26. Related party transactions

Ownership of the Company: Bord na Móna plc 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 in the year to 28 March 2012 amounted to €120.9 million (2011: €121.5 million) and amounts due from these entities to the Group at 28 March 2012 for these services amounted to €12.3 million (2011: €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 €20.0 million with Allied Irish Banks plc (A.I.B) at 28 March 2012 (2011: €70 million). The Group earned rental income from Anglo Irish Bank of €1.0 million during the year (2011: €1.4 million).

27. 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.

28. Board approval

The Board approved the financial statements on 6 July 2012.

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