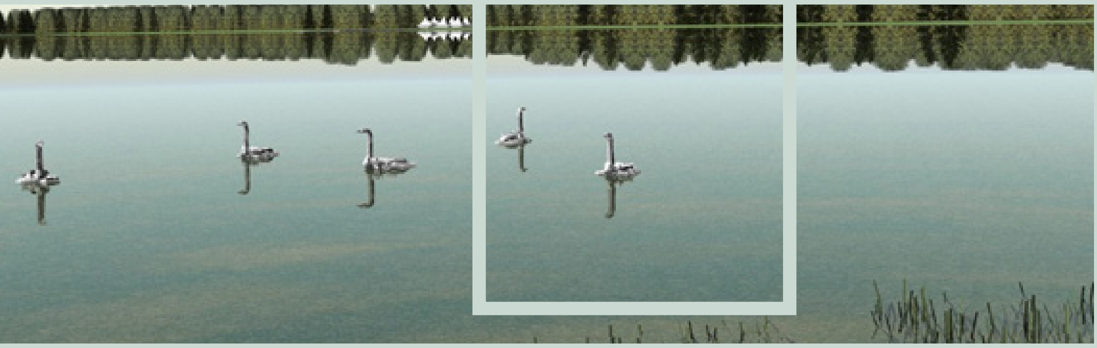
Bord na Móna

Annual Report 2013



looking forward

Our Business Story

Bord na Móna was initially established to develop Ireland's peat resources for the economic benefit of the State. Today the company operates a diversified portfolio across five main business areas serving markets in Ireland as well as Britain, mainland Europe and North America. These business activities are based on both peat and non-peat products and services and principally cover the power, resource recovery, horticulture, home heating and air and water treatment sectors.

Peat Based Businesses

€204m (48%)

Peat from the company's 80,000 hectares of peatlands continues to be the main feedstock for the powergen and horticultural growing media sectors, as well as for the manufacture of peat briquettes. A relatively small amount is also used as a biofiltration medium in the clean air and clean water businesses.

Non-peat Based Businesses

€222m (52%)

Bord na Móna has been progressively diversifying away from its traditional peat-based business and now trades in coal, oil, and composted biowaste, collects and processes municipal and commercial waste arisings, provides clean air and clean water treatment products and generates electricity from biomass, wind and distillate oil.

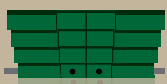
Did you know?

The 15 million bales of briquettes produced - lined end to end - would stretch twice around Ireland's coastline

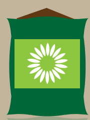
Did you know?

8% of electricity generated in Ireland is from peat supplied by Bord na Móna

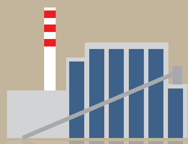
Peat Briquettes



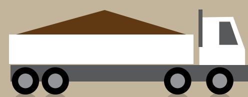
Peat Biofilters



Growing Media Peat



Powergen Peat

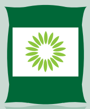


Feedstock Peat

Convenience Products

Heating Oil

Heating Coal



Composted Greenwaste

Resource Recovery

Did you know?

Our eco-friendly FireMagic Fire Maker is made from recycled cardboard

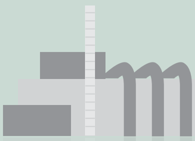
Did you know?

The amount of green energy from our windfarms will supply one in every 25 households in Ireland by 2015

Did you know?

Nearly 100,000 homes across Ireland have chosen AES as their waste services provider

Feedstock Biomass



Powergen Peaking Plant

Powergen Wind

Water and Wastewater

Air & Odour Abatement

Our Vision

a contract with nature

Our Mission

Bord na Móna will continue to fully utilise its peatland resources to create value in order to develop a portfolio of sustainable infrastructure in Ireland, to support customers' requirements for renewable energy, water and resource recovery, whilst driving profitability and shareholder return.

We can achieve this because of our strategic land bank, reputation, development expertise and strategic partnerships.

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.

Financial Summary

	% Change	**2013 €'000**	2012 €'000
Turnover	11.0%	**426,120**	383,826
Earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptional items	34.6%	**82,305**	61,146
EBITDA	0.2%	**61,244**	61,146
Operating profit/(loss)	741.8%	**23,508**	(3,663)
Profit/(loss) before tax	198.4%	**12,532**	(12,742)
Net profit/(loss) after tax	157.8%	**9,232**	(15,975)
Shareholders' funds	-4.2%	**173,672**	181,321
Net debt	-74.5%	**(17,035)**	(66,714)

Ratios	**2013**	2012
EBITDA/turnover	**14.4%**	15.9%
Gross return on net capital employed	**17.6%**	-1.2%
Net debt/equity	**9.8%**	36.8%
EBIDTA/interest cover (times)	**6.2**	5.8
Current ratio (times)	**1.4**	1.9

	2013	2012
Payroll costs €'000 (gross of employer's pension costs)	**101,747**	109,103
Payroll costs €'000 (net of employer's pension costs)	**97,018**	105,747
Numbers employed at peak	**2,386**	2,468
Average employment numbers	**2,044**	2,141

Turnover by Business

	2013 €'million	2012 €'million
Powergen	**76.1**	71.3
Feedstock	**75.3**	62.9
Retail	**189.3**	171.6
RR	**71.6**	65.5
Anua Env and other	**13.8**	12.5

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meeting the challenge

I am pleased to present the annual report of Bord na Móna plc, my first as Chairman.

The financial results showed turnover at a record level of €426 million for 2013, an increase of €42 million on 2012. Sales activity was strong across the Group as Feedstock, Powergen, Retail and Resource Recovery delivered sales growth. In Retail (which comprises Fuels and Horticulture) our fuels products were boosted by favourable trading conditions because of a prolonged winter season and Retail fuels sales were up 25% on the previous year. The supply of milled peat by Feedstock increased on the previous year as there was no prolonged forced outage at any power station, despite the impact of the poor harvest in 2012. Powergen delivered a steady performance, but the Retail horticulture range experienced reduced sales due to adverse weather conditions.

Resource Recovery increased its turnover through growth in the domestic business with the first full year impact of the acquisition of the collection businesses of Kildare and Wexford County Councils. End treatment sales also increased on last year enhanced by the commencement of operations of the newly commissioned composting plant. The commercial business increased its turnover but continues to experience the effects of a very competitive market and depressed gross margins.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) at €61.2 million for 2013 were on a par with 2012. This is stated after an exceptional cost charge of €21.1 million (pre tax) in respect of the poor harvest out-turn in the financial year 2013. The harvesting, transport and stockpiling of peat is a significant operational activity within the Feedstock business.

Unprecedented adverse weather conditions during the peak harvesting period over the summer of 2012 resulted in a harvest of 1.4 million tonnes of peat, a shortfall of 63% against target. As a result, the Group implemented a mitigation plan which involved additional revenue enhancing measures and significant reductions in expenditure during the year. This included non payroll cost reduction and payroll reductions such as lay-off of employees, management salary cuts and introduction of short-time working across the Group. While the adverse impact on employees was significant, the measures were necessary and prudent given the severity of the harvest shortfall.

The EBITDA before exceptional costs was €82.3 million. The Group recorded an operating profit of €23.5 million and a profit before taxation of €12.5 million. The profit before tax in 2013 at €12.5 million was positive to 2012 by €25.3 million and the profit after tax in 2013 at €9.2 million compares with a loss after tax of €16.0 million in 2012. The previous year financials include an impairment charge of €23.7 million on tangible and intangible assets.

The current economic environment continues to present a difficult challenge to many businesses. Despite the challenges outlined, the Group made progress in implementing its strategic growth and development initiatives across all business areas. At the same time, building on lessons learned from the difficulties created by the harvest shortfall, we are focused on maximising the returns from all our businesses. We have commenced a business transformation process, including implementing both cost reduction programmes and taking initiatives to expand other non-peat related business areas, to improve the sustainability of the Group in the future.

In the year 2013, the Group continued to focus on implementing its strategic growth and development initiatives across all of its business areas. A number of the key significant steps taken in progressing our vision for the Group were:

- commencing the construction of two major wind farms; 80 MW at Mount Lucas, Co. Offaly, and 40 MW at Bruckana on the borders of counties Kilkenny, Laois and Tipperary, involving an investment of €178 million;
- progressing a joint venture with ESB to deliver the first phase of our 172MW wind farm project at Oweninny, Co. Mayo;
- continued growth in our programme to use biomass to generate electricity with 223,000 tonnes of mixed biomass consumed in the year;
- completing the procurement process for the construction of an electricity generation plant to harness the gas produced by our resource recovery facility at our site in Drehid, Co. Kildare;

- obtaining planning approval from Kildare County Council for the construction of a facility at Drehid for the mechanical and biological treatment of waste;
- obtaining planning approval from Offaly County Council for the development of our flagship site at Lough Boora Parklands to upgrade the environmental and cultural experience for visitors;
- continuing with the participation of all our stakeholders the annual review of Bord na Móna's Biodiversity Action Plan 2010-2015, again showing good progress in achieving various projects and activities which will enhance biodiversity on the Group's peatlands, and
- continuing to pursue a potential role for Bord na Móna in relation to the provision of an alternative water source for the Eastern Region, including Dublin, Meath, Kildare, Laois, Offaly and Westmeath.

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.

The Group paid a dividend of €2.5 million during the year, of which €2.4 million was paid to the State and €0.1 million was paid to the Employee Share Ownership Plan (ESOP).

In addition, the Group is continuing to evaluate the potential for the export of renewable energy utilising its landbank in the midlands arising from discussions between the Irish and UK Governments. 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. During the past year the Company participated in a process with the scheme's trustees to explore potential resolutions to the current deficit.

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 rigorous 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, keep exposures at an acceptable level and ensure that Bord na Móna continues its effective approach to corporate governance. The Board agreed a process to evaluate its own performance.

> "The Group paid a dividend of €2.5 million during the year, of which €2.4 million was paid to the State and €0.1 million was paid to the Employee Share Ownership Plan. "

It is with great sadness that I have to report the death of one of our long serving employees, Mr John O'Donnell, who tragically lost his life following an accident at the peat loading facility in Lough Ree Power Station. On behalf of the Group, I wish to express my condolences to Mr O'Donnell's family and colleagues.

I would like to thank my Board colleagues for their commitment and support during the year. I would like to particularly acknowledge the contribution made by my predecessor as Chairman, Fergus McArdle, who stood down during the year. Fergus served as Chairman for over eight years and Bord na Móna made significant progress under his stewardship. Mr Rory Scanlan also stood down in June 2012 having served as a Director since 2002. I note also Rory's valuable contributions to Bord na Móna during his term on the Board. Ms Elaine Treacy joined the Board in July 2012 and Mr Gerard O'Donoghue and Mr Barry Walsh were appointed as directors in September 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 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, Mr Ken Spratt, Assistant Secretary General and the other officers of the Department for their interest and advice.

During the year, the Company interacted on a regular basis on governance matters 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.

The Board undertook a detailed review of the strategy of Bord na Móna during the year. We are satisfied that the current strategy of developing our activities in renewable energy coupled with effectiveness across all our operations is appropriate and will deliver a sustainable future for the Group. I am pleased to report that the Group continues to show that we can successfully overcome the challenges we face and deliver sustainable returns to our shareholders. Bord na Móna is taking an increasingly significant role 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 strategy, which is designed to build on 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.

John Horgan
CHAIRMAN
27 June 2013

midland power

Bord na Móna started working during 2012 on one of the biggest infrastructure projects in Ireland during the year. Bord na Móna's Mount Lucas wind-energy project in East Offaly is the current phase of the development of the Bord na Móna wind energy programme. When complete, it will be one of the biggest wind farms in Ireland and will see the construction of 28 wind turbines which will provide eco-friendly electricity for 45,000 Irish households.

Construction of the 80 megawatt Mount Lucas project will generate up to 150 jobs, and a further 12 long-term jobs will be sustained when it becomes operational in 2014. This key green energy project underpins Bord na Móna's diversification strategy as well as contributing to meeting Ireland's 2020 renewable targets.

Works also began on the Bruckana wind farm project at the end of 2012. Bruckana is a sister project to Mount Lucas with the same contractors involved in both projects, although Bruckana will have half of the number of turbines (14 as compared to 28 in Mount Lucas). Together, they will increase the capacity of the Bord na Móna generation fleet by 126 MW, when completed by mid 2014.

eco-friendly technologies

The Mount Lucas project also sees the first order in Ireland for the latest Siemens Direct Drive Turbine Technology, which is one of the most efficient technologies available in the market. Siemens is one of the world's largest suppliers of turbines internationally and they look forward to working with Bord na Móna on this historic project.

progressing development projects

The 2013 financial year was a challenging year for Bord na Móna. This was primarily driven by the very low peat harvest caused by the record rainfall experienced last summer, which was unprecedented in the Group's history. This brought particular challenges for the Feedstock, Powergen and Retail business units, which are dependent on the peat resource. Furthermore, our Resource Recovery and Environmental businesses (trading respectively as AES and Anua) continue to be affected by the macro economic environment. Resource Recovery has had to contend with significant reductions in waste levels generated as well as a lack of clarity in market structure, while the markets for the products and services offered by Anua remained sluggish.

In response to these challenges we successfully implemented a group-wide mitigation plan. Under the circumstances, this plan produced a satisfactory outcome for the year with an EBITDA of €61.3 million. We face a significant challenge over the next couple of years to replenish the peat stocks to satisfactory levels. Weather permitting, we intend to make progress in that regard during the harvest season in the 2014 financial year. We continue to review our cost base across all areas of operation to provide the most flexible model to address these ongoing challenges.

Bord na Móna continued to progress a number of infrastructure development projects that underpin the Group's diversification strategy. These were primarily in the areas of wind farm development, resource recovery and strategic water supply. The future direction of the Group seeks to capitalise on large-scale infrastructural projects, whilst continuing to support our cash generative traditional businesses.

Strategic Review

Powergen

The Bord na Móna Powergen business manages and operates the Edenderry peat/biomass generating unit, the Cushaling peaking plant and the Bellacorick wind farm. There are also a number of development projects that will add substantially to Bord na Móna's electricity generating capacity over the next decade.

Powergen's strategy is focused on sustainable business growth through the phased development of a diversified portfolio of generating assets. This will be achieved by leveraging land assets, project development and operations and maintenance capabilities. Powergen will be a leading low carbon electricity generator, with a suite of resources including wind, biomass and other renewables supported by flexible thermal plant.

The Powergen business delivered a satisfactory operating year. It also made significant progress in its development agenda with construction commencing on both the Mount Lucas and Bruckana wind farm projects. The Oweninny wind project was also advanced in joint venture with ESB Wind Development Limited. 'The Clean Energy Hub' is Bord na Móna's concept to develop a number of wind farms operating on our midland cutaway peatlands, which could be linked together to form a renewable energy generation 'hub'. The power generated would primarily be exported to the United Kingdom. Significant preparatory work was undertaken to position us for this opportunity.

Feedstock

This business is primarily responsible for harvesting and delivering peat feedstock to the ESB's two peat-burning electricity stations at Lanesboro and Shannonbridge, as well as peat and biomass to our own co-fired plant at Edenderry; it also supplies the peat needed to manufacture peat briquettes and the moss peat used in both household gardening and professional horticulture in the Irish, British and mainland European markets. The medium term outlook for these markets indicates a strong requirement for a lowering of the cost base and a number of initiatives are in progress to deliver this. In addition, the very low harvest has highlighted the importance of progressing to a more variable cost structure, as well as a more competitive one.

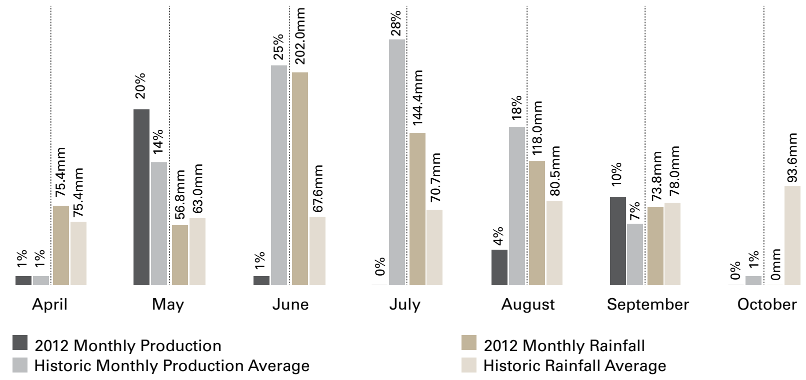
Retail
Bord na Móna Retail supplies solid fuel, oil, convenience fuel products, professional and retail growing media, for the domestic and international markets. Consumer demand for these products can often be affected by the seasonal weather: for the year under review, the wet spring reduced demand for gardening-related products; but the long winter significantly boosted sales of our domestic briquette, coal and oil heating products.

Peat is the primary feedstock in our retail operations and the very low peat harvest in 2013 resulted in considerable delivery and processing challenges for the business. With the imposition of carbon tax, from 1 May 2013, the business has been focused on extending our brand portfolio with a supporting range of carbon reduced or carbon free products.

Resource Recovery
Resource Recovery's business environment continues to be very challenging. The market needs increasing clarity of regulation, policy and direction and, to that end, we welcome the policy statement 'A Resource Opportunity' issued by the Department of the Environment, Community and Local Government. In the meantime trading remains difficult as macro economic conditions have led to a continuing reduction in waste volumes. The consequent decline in business activity in the industry has resulted in an unhealthy level of aggressive competition and questionable industry practices including below cost selling which have depressed profitability and caused a number of business failures.

Resource Recovery remains committed to delivering exemplary operating and service standards. These will provide us with a competitive advantage in a future, more stringently regulated market. Furthermore, despite the current industry difficulties, we remain committed to higher order treatment of waste and landfill diversion, and we have progressed a number of related infrastructure projects during the past year. This includes the commissioning of a 25,000 tonnes compost facility at our Drehid waste park. We also attained planning permission for the development of a 250,000 tonnes Mechanical Biological Treatment (MBT) unit in Drehid.

Monthly Production Vs Monthly Rainfall



Anua – Environmental
Anua is a leading provider in the design, manufacture and installation of a portfolio of differentiated, sustainable technologies, offering clean air and water solutions. Our primary activity is focused on the United Kingdom water and air treatment markets from our base in Bridgewater, Somerset. We also market and distribute our technologies in Ireland, North America and selected European markets.

There is a direct correlation between the level of construction industry activity and the business performance in these markets. The severe market shrinkage experienced at the onset of the global economic downturn shows limited signs of recovery and this will continue to challenge business growth. Our focus on business remodelling and reorganisation will make us more competitive and position us to take advantage when favourable market conditions return.

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 continued our programme of consultation with interested parties on the strategic framework. We also used the framework to guide our preparation of rehabilitation plans for all our bog areas which have been submitted to the Environmental Protection Agency.

Bord na Móna can play a central role in the development of an alternative water supply for the east of Ireland, including the Greater Dublin Area and surrounding counties. Our site at Garryhinch, on the border of Laois and Offaly, has already been identified as the ideal location to construct a reservoir and treatment facility, which would enable water to be abstracted safely and sustainably from the Shannon. The establishment of Irish Water creates a new context for this project and we continued to pursue its development during 2013.

Bord na Móna is a contributing member of the Peatlands Council set up by the Government to develop a strategy for the responsible management of Ireland's peatlands. We continue to provide technical and other assistance to the National Parks and Wildlife Service, to support them in dealing with the issue of illegal private turf cutting on special areas of conservation.

Our facility at Lough Boora Parklands is an important heritage and environmental destination in the midlands and, attracts significant numbers of visitors each year. During the year the parklands took part in the national BioBlitz where four sites competed to record the most species of wildlife over a 24 hour period, and some 940 different species were identified and codified. We have recently received planning approval from Offaly County Council to develop further the facilities at the site in order to enhance the visitor experience. In addition, the walking routes and cycle-ways at the parklands will be substantially extended this year with the support of Offaly Local Development.

Managing Director's Review

These various works will be completed during the coming year and will further strengthen Lough Boora's positive contribution to the community.
Bord na Móna continues to co-operate with a number of community and wildlife interest groups to facilitate diverse local and regional projects, including conservation projects, promotion of biodiversity and provision of amenities. For example, this year we supported the work being undertaken by Wetlands Heritage Ireland and Lullymore Heritage Group. More generally, we also participated in the preparation of a plan to develop rural recreation under the auspices of the Department of Community, Environment and Local Government.

The annual review of the Group's Biodiversity Action Plan was carried out in consultation with environmental groups and other stakeholders, and the continuing progress against our targets as set out in the plan was favourably received.

We undertook physical works, drain blocking for example, during the year to promote rehabilitation actively in a number of sites, including Cuckoo Hill in Co. Galway and Drinagh in Co. Offaly. We also extended our sphagnum moss seeding trials with new sites at Kilberry in Co. Kildare and Srahmore in Co. Mayo.

Operational and Financial Review

A summary of the key Group financial results for the past three years is as follows:

	2013 **€'000**	2012 €'000	2011 €'000
Turnover	**426,120**	383,826	382,069
% change	**+11.0**	+0.5	-0.6
EBITDA	**61,244**	61,146	72,749
% change	**+0.2**	-15.9	+12.6
Profit/(loss) before tax	**12,532**	(12,742)	16,727
% change	**+198.4**	-176.2	+29.7
Shareholders' funds	**173,672**	181,321	231,390
% change	**-4.2**	-21.6	+3.1

Turnover increased by €42.3 million and €44.1 million in comparison to 2012 and 2011 respectively. There was increased sales activity in the home heating sector with briquette and coal sales up 28% and 22% respectively on 2012 due to the prolonged winter season. Feedstock increased the sale of milled peat and biomass by 430,000 tonnes on 2012 when West Offaly Power had a planned outage of five months. Resource Recovery increased their sales to residential customers with the full year impact of the two acquisitions from the previous year, sales to commercial customers and end treatment sales were also up on last year. Electricity sales in the power-generation business increased by 7% on 2012. On the adverse side growing media sales into mainland Europe were restricted due to the non availability of professional peat following the peat harvest shortfall last summer and sales of retail growing media in Ireland and the UK were also reduced due to the unfavourable weather during the growing season.

EBITDA at €61.2 million was €0.1 million up on 2012 reflecting:

- additional costs of €21.1 million incurred due to the restricted weather related peat harvest with an out-turn of 1.4 million tonnes, a shortfall of 2.4 million tonnes on the target for the year;
- increased sales of briquette and coal products;
- increased sales of milled peat for electricity generation, and
- the implementation of a mitigation plan to counteract the additional costs incurred on the peat harvest and subsequent knock on effect on the transporting and briquetting of peat. The mitigation measures related to payroll cost reduction measures such as lay-off, short-term working and a reduction in management salaries and non payroll related measures on non critical third party costs.

EBITDA at €61.2 million in 2013 is adverse to the 2011 EBITDA by €11.5 million attributable to a peat harvest of 4.8 million tonnes in 2011 compared to a harvest of 1.4 million in 2013.

Profit before tax of €12.5 million was €25.3 million up on 2012 but the prior year included an impairment charge of €23.7 million on tangible and intangible assets. The profit before tax for 2013 of €12.5 million was €4.2 million down on 2011.The profit before tax in the current year is impacted by the exceptional costs incurred on the peat harvest and the subsequent knock on effects on peat quality and location.

"Bord na Móna continues to co-operate with a number of community and wildlife interest groups to facilitate diverse local and regional projects, including conservation projects, promotion of biodiversity and provision of amenities."

Despite the difficult harvest, the Group had an operational cash flow before capital expenditure of €108.5 million which was €66.2 million favourable to 2012. This was driven, in particular, by the significant reduction in stock levels as a result of the poor harvest experienced in the year. The Group had a net cash surplus of €50.8 million, an improvement of €52.7 million on 2012 after an investment in capital expenditure of €41.8 million and dividend payments of €2.5 million. Net debt reduced from €66.7 million at the start of the year to a closing net debt of €17.0 million a reduction of €49.7 million. The Group had a closing cash balance of €247.2 million to fund its planned capital expenditure programme in the power generation sector.

Shareholders' funds have been reduced by €7.6 million in the period mainly attributable to an increase in the pension deficits on the three defined benefit schemes and offset by retained earnings of €6.7 million for the year. The key contributing factor to the increased pension deficit is a reduction in the discount rate used to measure future liabilities, down from 4% in 2012 to 3% in 2013.

Investment for the future

Capital Expenditure for 2013 amounted to €39.4 million (€28.3 million in 2012). The capital investment programme undertaken during the year included the first phase of construction of the wind farms at Mount Lucas, Co. Offaly and Bruckana on the borders of counties Kilkenny, Laois and Tipperary. Other key items of expenditure were on production plant for peat harvesting, transport equipment and equipment replacement and upgrade at the two briquette factories.

Research and Development: In 2013 Bord na Móna spent €4 million on research and development including business development, exclusive of grants (compared with €5.7 million in 2012). Nine people are directly employed in the Innovation Centre with a further fifteen innovation staff embedded in the operational businesses of the Group.

"The Group generated €108.5 million from operating activities in 2013 compared to €42.3 million in the previous year."

Funds from Operating Activities

The Group generated €108.5 million from operating activities in 2013 compared to €42.3 million in the previous year. As a result of the peat harvest shortfall there was a significant reduction in stocks of €40.4 million which will require a rebuild in the short-term.

	2013 €'million	2012 €'million
Net cash flow from operating activities	**108.5**	42.3
Capital expenditure and investments	**(41.8)**	(25.3)
Financing costs paid	**(11.1)**	(10.3)
Corporation tax paid	**(2.1)**	(4.3)
Dividend paid	**(2.5)**	(4.3)
Increase/(decrease) in net cash	**50.8**	(1.9)
Non cash movement	**(1.1)**	(0.2)
Decrease/(increase) in net borrowings	**49.7**	(2.1)

At year end, the Group had net borrowings of €17 million, a decrease of €49.7 million in the year – a significant achievement given the level of capital expenditure and the challenged trading performance. The detailed cash flow statement is given on page 52 supported by Note 20 to the Financial Statements.

Capital Structure and Treasury Policy

The Treasury Policy for the Group is approved by the Board of Bord na Móna plc on an annual basis. This policy is implemented and monitored by the Group Treasury function. The Treasury policy aims to minimise overall Group funding costs, maintain flexibility in volatile markets but always subject to acceptable levels of treasury and counterparty risk.

The overall objective of the Treasury function in managing foreign exchange risk is to contribute to the achievement of the Group financial objective of stable euro operating profit growth in a risk averse and cost effective manner and to use natural hedges across the Group wherever possible. Exposure in relation to foreign investments is hedged as far as possible by borrowings in the same currency as the underlying net assets.

The Treasury policy permits derivative instruments to be used to mitigate financial risks and 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'.

The Groups overall debt position was primarily at fixed interest rates. Net borrowings in the current financial year reached a peak of €80 million in August 2012, compared with a peak in the previous year of €109 million. Bank interest and similar charges at €9.9 million compared with €10.5 million which was a decrease 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 this debt at the financial year end was as follows, 7% repayable in 2014, 16% repayable in 2015, 25% repayable in 2017, 12% repayable in 2018, 19% repayable in 2019 and 21% repayable in 2020.

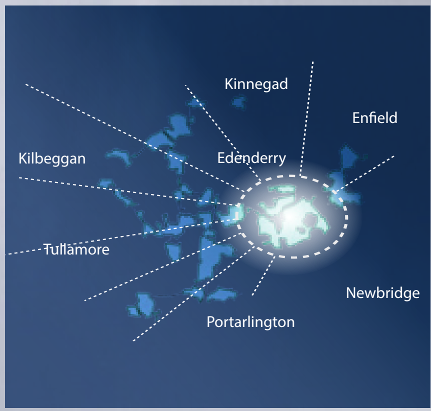
Gearing was 9% at year end compared to 37% at the start of the year.

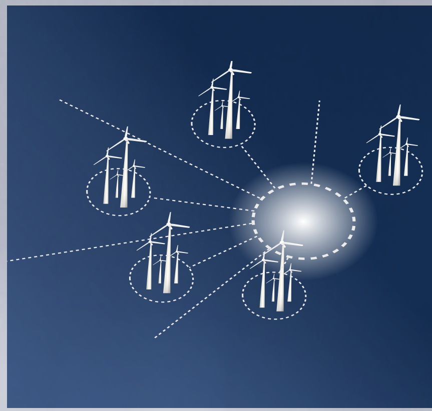
developing a clean energy hub

Bord na Móna's Clean Energy Hub project has the potential to become a significant supplier of renewable electricity beyond Irish borders, in line with Irish and UK Government policy. Bord na Móna is in an ideal place to benefit from the recent signing of a memorandum of understanding (MOU) on renewable energy between the Irish and British governments.

The MOU could lead to a regulatory framework that would unlock the huge potential of Bord na Móna's landbank for the development of large-scale wind farms to facilitate export of renewable energy directly into the British market.

Central to this new opportunity is Bord na Móna's proposed Clean Energy Hub in the Midlands that will see wind power generated in the region directly exported into the British energy market and beyond. Bord na Móna has 80,000 hectares of land, the bulk of it in the Midlands, with large portions entering a cutaway phase in the next few years as well the company's capability and experience in managing large-scale infrastructure projects. Additionally, Bord na Móna has a history of investing in wind energy since the early 1990s.





state of the art turbines

The wind farms will use state of the art, streamlined and efficient wind turbines all designed to the highest health and safety environmental standards

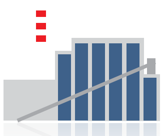
Business Review - Powergen

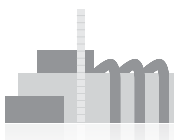
The Bord na Móna Powergen business manages and operates the Edenderry peat/biomass generating unit, the Cushaling peaking plant and the Bellacorick wind farm. There are also a number of development projects that are expected to add substantially to Bord na Móna's electricity generating capacity over the next decade.

Powergen's strategy is focused on sustainable business growth through the phased development of a diversified portfolio of generating assets. This will be achieved by leveraging land assets, project development and operation and maintenance capabilities. Powergen will be a leading low carbon electricity generator, with a suite of resources including wind, biomass and other renewables supported by flexible thermal plant.

renewable energy generation

As part of our move towards renewable energy generation, we aim to generate in excess of 500,000 MWh of green electricity by 2015. This will be enough to power over 90,000 homes.


Powergen Peat & Biomass


Powergen Peaking Plant

Powergen Wind

> "turnover increased by 7% to €76 million; Biomass co-firing increased from 15% to 22%; and renewable electricity (RES-E) production increased from 17% to 23%"

Challenges

Operations
Powergen's major operational challenge is on the management of the existing generation asset base, in order to maximise its performance and to enhance plant availability, electricity output and economic returns.

Development Agenda
As a result of Powergen's development agenda there were requirements to: accelerate the biomass co-firing rate at Edenderry; prepare an Environmental Impact Study (EIS) to accompany a planning application for the station's continued operations; examine the implications of the terms and conditions for participating in the REFIT 3 process on the commercial operation of Edenderry, after its current Power Purchase Agreement (PPA) contract concludes, and negotiate the best possible contracts for the supply of civil works, turbines and the electrical balance of plant for both Mount Lucas and Bruckana wind farms.

Energy Efficiency Obligation
The business was tasked with achieving energy efficiency savings of 9.1GWh, in 2012, as part of the Bord na Móna's obligation imposed by the Better Energy Programme.

Achievements

Operations
Despite the operational challenges and poor peat harvest, the output from Edenderry station was maximised both in terms of volume and quality: turnover increased by 7% to €76 million; Biomass co-firing increased from 15% to 22%, and renewable electricity (RES-E) production increased from 17% to 23%.

The Edenderry station exhibited impressive reliability, with a forced outage rate of only 1.6% during 2013. The 116 MW Cushaling Power peaking plant had an annual availability of 99.7%, and the Bellacorick wind farm continued to perform well.

Progressing Development Projects
Powergen signed the main civil and electrical works and turbine supply contracts for Mount Lucas and Bruckana wind farms. The road network and substation at Mount Lucas were built, while construction of the turbine bases commenced. The business also conducted enabling works on the substation site at Bruckana and commenced construction of its internal road network. This will result in wind-generated electricity being delivered by mid 2014.

The Bord na Móna/ESB joint venture to develop the first 172 MW of a large-scale wind farm at Oweninny, Co. Mayo, progressed as planned. Eirgrid confirmed that the requisite infrastructure to accommodate the first tranche of the project will by available by 2016.

Energy Efficiency
Powergen's Energy Performance Contracting (EPC) unit achieved energy efficiency savings, which enabled Bord na Móna to comply with its 2012 (calendar year) obligations under the Better Energy Programme.

Commitments

Development
Powergen remains fully committed to the creation of a diversified portfolio of electricity generating assets with low carbon intensity. As part of this agenda the business is on target to meet the National Renewable Energy Action Plan (NREAP) target for 30% co-firing with biomass at the Edenderry station by 2016.

Wind Projects
Powergen is focused on completing the 80 MW Mount Lucas wind farm, and the 40 MW Bruckana wind farm, with both expected to be in operation by mid 2014. It is also committed to the joint development of the first phase of the Oweninny wind farm, with ESB.

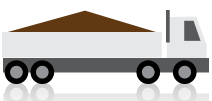
Market Opportunities
Following the signing of the Memorandum of Understanding (MOU) by the UK and Irish governments in January 2013, Powergen will continue to assess the suitability of Bord na Móna's cutaway peatland assets in the East Midlands for the development of wind farms which can form a 'Clean Energy Hub'. The renewable electricity output could be used for domestic supply or it could be exported into the European regional electricity market. Following execution of the MOU, the primary focus is on the opportunity to export power to the UK. Powergen will also continue to seek market opportunities for improving the efficiency of energy use, which will help Bord na Móna meet its future efficiency obligations under the Better Energy Programme.

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 the two ESB power stations at West Offaly and Lough Ree. The business also supplies peat to our Retail and Environmental businesses for use in heating, horticulture and wastewater treatment products.

increased co-firing rate

Bord na Móna is committed to the use of 300,000 tonnes per annum of biomass by 2015 at Edenderry (30% co-firing), with up to 500,000 tonnes required there by 2020.



Feedstock Peat

Feedstock Biomass

> "The poor 2013 peat harvest was unprecedented in the history of Bord na Móna. Due to extreme summer rainfall the harvest outturn was only 37% of annual target."

Challenges

Peat Harvest
The poor 2013 peat harvest was unprecedented in the history of Bord na Móna. Due to extreme summer rainfall the harvest outturn was only 37% of the annual target. This severely impacted the stock position and challenged our supply chain to meet customer supply demands, particularly over the winter months.

Business Transformation
The business faces significant future challenges as a result of a number of key market drivers – the ending of the peat fuel supply agreements with power station customers, the Public Service Obligation (PSO) peat support mechanism and the priority dispatch status of the three peat fired power stations. There is the added challenge of the potential impact of carbon tax on briquette sales and peat dilution on retail growing media. Feedstock will be required to transform the business to a lower cost flexible operating model in order to ensure a sustainable future.

Biomass Supply Chain/Peat Dilution
In order to fulfil its peat dilution and co-firing strategy and to support our vision 'A Contract with Nature', it is essential that Feedstock creates strategic alliances to establish supply chains of indigenous and imported biomass products, at the right quality and price.

Achievements

Peat Supply Availability
Despite the poor 2013 harvest and the co-operation of key customers including ESB, Feedstock met customer requirements by increasing the supply tonnage of biomass and scheduling the road and rail transport network to ensure the appropriate and timely supply of the best quality peat available.

Production Preparation
As a result of the critical peat stock position, we implemented several measures to ensure the maximum production potential for next year's harvest season. The area available for production has been increased and existing peatland areas have been reconfigured to maximise peat production and stock pile sizing. We have also invested in additional infrastructure and equipment. Consequently, potential production targets have been increased from 3.6 million tonnes in 2013 to 4 million tonnes in 2014.

Business Transformation
As part of the planned business transformation process, Feedstock progressed the Asset Management restructuring project. Costs were reduced and demanning of several workshops began in line with the plan. This transformation programme was supported by extensive consultation and engagement with employees to ensure a successful and sustainable future business model.

Biomass Procurement
The supply of biomass amounted to 223,000 energy tonnes. As a result, Powergen achieved a co-firing rate of 22%, significantly ahead of the 18% target for the year.

Energy Management
As part of Feedstock's efforts to reduce its energy footprint, Mountdillon works achieved an Energy Management Accreditation from SEAI.

Commitments

The Feedstock business continues to focus its commitments on four key areas:

- ***Our Customers:*** As a result of our continuous transformation agenda, Feedstock supplies quality products at competitive prices to customers who operate in an increasingly difficult and challenging business environment.

- ***Our Employees:*** Feedstock endeavours to provide a safe place of work and safe systems of work for all employees. The business continues to implement a change programme which will ensure sustainable employment into the future.

- ***Our Communities:*** The business is committed to maintaining a high level of corporate responsibility in the communities in which we operate.

- ***Our Environment:*** The business is committed to minimising the environmental impact of our operations and complying with all the conditions of our environmental licences. This is consistent with Bord na Móna's vision of 'A Contract with Nature'. As the only Environmental Protection Agency (EPA) licensed peat producer in Ireland, Feedstock is de-commissioning and rehabilitating bogs as they exit peat production, providing significant amenity value to local communities as well as adding a unique and invaluable asset to the national biodiversity stock.

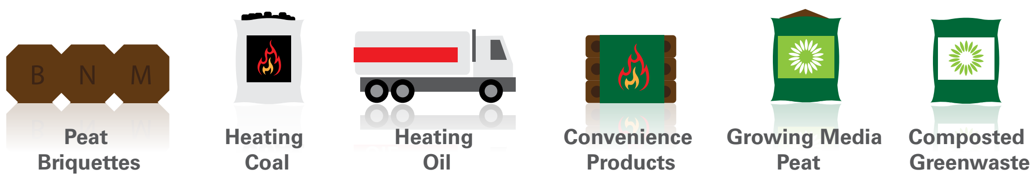
Business Review - Retail

Bord na Móna Retail is the market leader in Ireland in the solid fuel heating market. We are also a significant player in the horticulture growing media and convenience fuel sectors. We operate a successful regional oil distribution business through our Suttons brand.

In the UK we offer a range of private label and branded products to the retail and professional growing media markets. Across Europe we market a range of professional growing media to industry specialists.

committed to long-term growth

Our focus is on developing and delivering sustainable convenience and eco consumer products.



"Retail sales, including sales to other Group companies, reached €199 million, an increase of 9% on the previous year; the decline in growing media sales caused by the wet spring were offset by increased demand for heating products due to the prolonged winter in 2013."

Challenges

Growing Media Sales
Due to the wet spring, growing media sales were adversely affected in the UK and Irish horticultural markets. The poor peat harvest challenged supply chain management, especially in the international professional growing media markets.

Consumer Demand for Value
The depressed macro economic environment and weak consumer confidence continued to weigh heavily on sales of solid fuel, oil and convenience products. In such a challenging environment value remains critical. This outlook is likely to persist with consumers buying more frequently but spending less, in order to control costs and avoid waste.

Freight Cost UK
The reduced balance of trade between Ireland and the UK in recent years has impacted significantly on freight costs with reduced back-loading opportunities on exported products. The resulting cost increases have led to significant margin pressure as retailers continue to drive value for their customers.

Carbon Tax/Smokeless Zones
The implementation of carbon tax on solid fuels from 1 May 2013 and the expansion of smokeless zones creates a significant challenge to our traditional solid fuel product range. The likely impact will be rising consumer prices, leading to a potential reduction in demand. A broader portfolio of products will be required to grow market share.

Achievements

Sales Growth
Retail sales, including sales to other Group companies, reached €199 million, an increase of 9% on the previous year; the decline in growing media sales caused by the wet spring were offset by increased demand for heating products due to the prolonged winter in 2013. Through careful management of distribution channels, Retail capitalised on this opportunity, increasing sales of heating products by 22% on 2012. We extended the fuel range with the introduction of a new stove fuel during the year.

Business Reorganisation
The establishment of the Retail Group, a year ago, was a strategic initiative to transform the seasonal businesses of the Horticulture and Fuels divisions from a product-centred to a market-centred organisation. Against the backdrop of economic and supply constraints it is a significant achievement to have delivered growth in this first year of operation. The efficiencies accruing from this restructuring helped protect margins in an increasingly volatile market.

Commitments

Brand
The creation of a single, customer-focused business emphasises the company's commitment to position Bord na Móna as a leading provider of seasonal products, from home heating to growing media. The Bord na Móna brand provides underlying support for Retail's developing portfolio - a portfolio which the business is committed to expanding.

Sustainability
In line with the corporate vision, 'A Contract with Nature', Retail is committed to an increasingly sustainable approach to its business activities. As full members of the Growing Media Initiative in the UK, and European Peat and Growing Media Association (EPAGMA), Retail is at the fore in aligning products and activities with the sustainability objectives of these industry organisations. In particular, this includes the promotion and use of alternative soil enhancing materials.

Innovation/Product Development
As the largest producer and importer of solid fuel products in Ireland, Retail is committed to developing alternatives to traditional fuels that are not only compliant but also market-leaders in the provision of effective, sustainable and competitive solutions. In this regard, we will push ahead of legislation and regulation in product development, which will support next generation carbon-reduced products.

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.

maximising the re-use potential

Our focus is on delivering exceptional customer service and maximising the re-use potential of managed waste materials. One of our key goals is diversion of waste from landfill.

Resource Recovery

"Through continuing improvement measures in service provision, specifically in domestic collection, customer acquisition and retention targets were achieved."

Challenges

Reduced Waste Volumes
The economic downturn has led to a continuing reduction in domestic and commercial waste volumes, although the rate of contraction has slowed from recent years. Industry over-capacity has prompted aggressive product pricing, resulting in the failure of several operators within the sector.

Cost Base
As for many other sectors, Resource Recovery experienced considerable cost increases, particularly due to rising fuel costs in collection activities. A large increase in the landfill levy saw greater volumes of waste being exported. Many integrated operators absorbed the landfill levy rather than passing it on to the generators of waste, thereby discouraging the recycling and recovery of waste through the 'polluter pays' principle.

Prices & Margin
The exporting of waste has resulted in downward pressure on landfill gate fees which, together with the proposed levy increase, leaves a very difficult trading environment for landfill operators. There has also been a significant drop in demand and prices for commodities recovered from recycling operations. These increased residual disposal costs, combined with reduced yields for recovered materials and over capacity within the sector, have ensured that yield and margin per customer remain below target.

Achievements

Service Level Improvements
Through continuing improvement measures in service provision, specifically in domestic collection, customer acquisition and retention targets were achieved. Resource Recovery's cutting-edge technology resulted in lower collection costs per customer, a decrease in missed bin collections, an overall improved customer experience and a reduced carbon footprint for the fleet. The business was also ahead of regulatory targets for the roll-out of the brown bin (organic waste) service, which further enhances the domestic service offering.

Drehid Waste Park Facility
The business received planning approval from An Bord Pleanála for the construction of a 250,000 tonnes per annum Mechanical Biological Treatment (MBT) plant at the Drehid facility. This will be the most advanced, fully integrated and sustainable resource recovery facility in the country. In addition, Drehid's organic waste compost facility has been approved by the Department of Agriculture, Food & Marine. The Drehid waste park facility will provide a long term, sustainable and far superior method of treatment for waste than current industry processes. A landfill gas project will be commissioned and become fully operational by the end of 2014, delivering significant long term returns.

Commitments

Improved Service Offering
The business will continue to improve its service to domestic and commercial customers, thereby reinforcing Resource Recovery's position as the service provider of choice. The business will deliver innovative recycling and recovery solutions for industrial customers, thereby providing full visibility of their waste streams. This will assist customers with the delivery of their sustainability agenda.

Sustainable Indigenous Processing
The business welcomes the 2012 'A Resource Opportunity' policy statement issued by the Department of the Environment, Community and Local Government and embraces the objectives and initiatives contained therein. Resource Recovery looks forward to its implementation and will strive to surpass the expectations outlined for the industry. In particular, through the Drehid waste park, Bord na Móna will provide a strategically located processing facility. This will offer sustainable treatment methods including segregation, recycling, organic composting and recovery options (including the ability to supply value adding feedstock to Retail and Powergen), as well as residual landfill for non-treatable waste fractions.

Growth, Consolidation & Improvement
While acquisition and market consolidation opportunities are welcome, Resource Recovery will focus on improving the business, as well as stimulating growth in turnover and margin through customer retention and service efficiencies. In addition there will be a sharp focus on waste processing and treatment costs, reduced logistics through re-routing, while cost savings and efficiencies will be targeted in all support service activity.

Business Review - Environmental Anua

Anua is a leading provider in the design, manufacture and installation of a portfolio of differentiated, sustainable technologies, offering clean air and water solutions in Europe and North America.

innovation with a fresh approach

As Anua, we are entering an exciting new generation of innovation with a fresh approach to the way we do business. Now is the time for us to renew our efforts to preserve the natural environment, renew the way we go about developing business and to extend our involvement in sustainable resource management.

Air & Odour Abatement

Water and Wastewater

"Despite the challenges, revenue grew by 12%, enhanced by an uplift across the odour business and a slight increase in confidence in the US market, leading to an improvement in the wastewater sector."

Challenges

Construction Downturn
Anua operates in a highly challenging market environment, where its product portfolio is targeted at construction activity in the residential, commercial, municipal/utility and industrial sectors. These markets are currently depressed as a result of the macro economic environment.

Economic Recovery
Economic uncertainty is likely to continue during 2014. There is some evidence of a pick-up in certain markets we serve and we will prioritise our focus on these opportunities in the year ahead.

Achievements

Sales Growth
Despite the challenges, revenue grew by 12%, enhanced by an uplift across the odour business and a slight increase in confidence in the US market, leading to an improvement in the wastewater sector. The business continued to focus on margin improvement and business consolidation during the year.

Clean Air/Water UK
Following a restructuring of the clean air business, Anua achieved significant growth in the utility and industrial segments of the market. This is supported by a strong revenue pipeline which has been secured for 2014. In the clean water sector, UK government initiatives have generated optimism for growth in the private housing sector.

Strategic Partnerships
The remodelled Anua business unit is based on the UK and Ireland being the home market, serviced from Bridgewater in the UK, and Newbridge in Ireland. Other geographical markets will be serviced remotely and, to this end, new distributor partnership arrangements have been put in place in North America and mainland Europe. These will help to drive sales growth.

Commitments

Technology & Innovation
Anua places a strong commitment and considerable emphasis on identification and development of new and existing clean air and clean water technologies. This will ensure that Anua maintains a competitive advantage and meets the markets' changing environmental and customer challenges.

Customer Service
The business will continue to improve the quality of its customer support and service capability. In doing so, Anua will demonstrate its operational and field service excellence in all the markets it serves.

Regulatory Engagement
Anua is required to stay abreast of the ever-changing regulatory environmental dynamics in its different markets. This requires participation with a wide range of regulatory stakeholders, including the European WG41 committee which formulates testing policy and procedures for CEN (European Committee for Standardization) certification of wastewater treatment products. The committee comprises members of Irish Water Treatment Association, British Water, and Rainwater Harvesting Association in the UK. In the US, the regulatory stakeholders include National Sanitation Foundation (NSF) Joint Committee for Wastewater Treatment, and Virginia Sewer Advisory Committee.

providing secure water supplies

Bord na Móna's vision for Garryhinch is to provide secure water supplies to the people of Greater Dublin and the Midlands, as well as a high quality outdoor environmental and biodiversity centre and a leisure, recreation and education facility.

The Bord na Móna site at Garryhinch is the preferred location for the construction of the interim storage facility for the Water Supply Project. It is a former major sod peat production facility and use as a water storage facility/eco-park would be a suitable after use in keeping with the requirements of the Integrated Pollution Protection Control Licence.

This new facility will be required to be operational by 2020, with construction, which is projected to take 3 years, commencing once the project has been granted full planning and water abstraction licences. Employment during construction is estimated at 1,000, with approx 100 people required to operate and maintain the facilities post commissioning. Bord na Móna is actively engaging with Dublin City Council and Irish Water on the delivery of this new major water source

Garryhinch Eco-park

The proposed facility at Garryhinch will expand the region's leisure offering by the provision of water-based sports

Managing Director's Review

Sustainability

Bord na Móna's vision 'A 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, various programmes and initiatives have been undertaken across the three fundamental pillars of sustainability: people, planet and profit and relevant key performance indicators have been identified. Bord na Móna measures its progress annually against these key performance indicators and will this year report progress by way of a Sustainability Statement.

'A Contract with Nature' contextualises Bord na Móna's mission, objectives, strategy and values and in effect sets out a clear sustainability path for the Group. It means that all of our business activities, both direct and supporting, will progressively become increasingly sustainable from an environmental and social point of view while continuing to yield profits. This not only drives demand for innovative solutions to the sustainability challenges facing the current activities of each of our operating business units, but also acts as a necessary filter for screening new business development opportunities to ensure ultimate strategic fit.

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 products and services. Bord na Móna is focused on maximising these opportunities in implementing its vision of 'A Contract with Nature'.

> "Bord na Móna will continue to fully utilise its peatland resources to create value in order to develop a portfolio of sustainable infrastructure in Ireland, to support customers' requirements for renewable energy, water and resource recovery, whilst driving profitability and shareholder return."

Strategy

Bord na Móna will continue to fully utilise its peatland resources to create value in order to develop a portfolio of sustainable infrastructure in Ireland, to support customers' requirements for renewable energy, water and resource recovery, whilst driving profitability and shareholder return.

We can achieve this because of our strategic land bank, reputation, development expertise and strategic partnerships.

The Group carried out a comprehensive review of our strategy during the year. The review affirmed our broad vision as encapsulated in our mission statement set out above and on page 2. We will therefore continue to focus on:

- leveraging and investing in our core competencies of land, brand/reputation and peat engineering to maximise profit generating activities;
- continuously evaluating all our activities and invest in those that offer sustainable profitable growth and scalability; we will exit all other activities;
- developing and acquiring new core competencies;
- investing in emerging opportunities that leverage our combined core competencies and that are aligned to our corporate vision, and
- creating an organisation aligned to our corporate vision and values through a business transformation process.

I am confident that this strategy will deliver a sustainable future for Bord na Móna, while contributing to the overall development of Ireland and providing an appropriate return to all our stakeholders.

Gabriel D'Arcy
Managing Director
27 June 2013

The Board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1. John Horgan (Chairman)

John Horgan was appointed to the Board in April 2012 and as Chairman in September 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.

2. Gabriel D'Arcy (Managing Director)

Gabriel D'Arcy 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 Defence 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 Chartered Director of the Institute of Directors.

3. Paudge Bennett

Paudge Bennett 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.

4. Denise Cronin

Denise Cronin 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.

5. Paddy Fox

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

6. Pat McEvoy

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

7. Gerard O'Donoghue

Gerard O'Donoghue was appointed to the Board in October 2012. He is a practising Solicitor and was appointed as a Notary Public in July 2005 by the Supreme Court. He is principal in the practice of White O'Donoghue and Company, Solicitors, Abbeyleix, Co Laois.

8. Colm Ó Gógáin

Colm Ó Gógáin was appointed to the Board in January 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1974 and has held various positions including Chief Executive Bord na Móna Fuels Limited, Director of Bord na Móna Environmental Limited and is currently 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.

9. David Taylor

David Taylor was appointed to the Board in June 2009. He is an independent strategic advisor on sustainable energy and holds professional qualifications in engineering (BE Chemical) and management (MSc Management). He is Chairman of the Energy Institute in Ireland. Formerly CEO of Sustainable Energy Ireland he has represented the Irish Government's energy research and development interests at European Union and International Energy Agency fora.

10. Elaine Treacy

Elaine Treacy was appointed to the Board in July 2012. With almost 20 years experience in the technology industry, Elaine has a wealth of expertise in international sales, marketing and business strategy coupled with capital fundraising and mergers and aquisitions. Her career spans PLC, public sector and start-up organisations. She is currently Vice-president, Sales & Marketing at Cicero Networks, a leading software company in the telecommunications industry. Elaine holds a Masters of Business Studies (MBS) and a Bachelor of Commerce from National University of Ireland, Galway.

11. Barry Walsh

Barry Walsh was appointed to the Board in October 2012. He is an accountant by profession and has worked for most of his career in senior financial positions in the Irish Life Group. He is currently Company Secretary of the Irish Life Group and Chairman of the Irish Life Staff Pension Scheme. Prior to joining Irish Life he was an Inspector of taxes in the Revenue Commissioners.

12. Peter Wyer

Peter Wyer 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 Limited Galway in 1976 where he is currently Sales Director and Company Secretary. He is also a director of a number of other related companies. His term of office expired on 1 May 2013.

Directors' Report

Introduction

The Directors present their annual report and the audited financial statements of Bord na Móna plc for the period from 29 March 2012 to 27 March 2013.

Principal Activities and Business 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. The Group develops wind farms and renewable energy projects. It also manufactures peat briquettes and horticultural products, supplies waste management services, coal and oil, wastewater treatment and odour emissions products, environmental consultancy and commercial laboratory services.

The Chairman's Statement on pages 4 and 5, the Managing Director's Review on pages 8 to 26 contain a review of the development of the Group's business during the year, the state of affairs of the businesses at 27 March 2013, recent events and likely future developments.

Results for the period and dividends

	€'000
Profit for the financial year	9,232
Dividend paid	(2,500)
Profit retained for financial year	6,732

Details of the financial results of Bord na Móna plc for the period 29 March 2012 to 27 March 2013 are given on pages 46 to 75.

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Minister for Communications, Energy and Natural Resources. Seven of the Directors are normally appointed for a term of five years. Four of the Directors are appointed for a term of four years, in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988. The Managing Director is appointed to the Board on appointment to that position. The names of the persons who were Directors during the period are set out below.

John Horgan, Chairman
Gabriel D'Arcy, Managing Director
Paudge Bennett
Denise Cronin
Paddy Fox
Fergus McArdle - term of office expired on 26 September 2012
Pat McEvoy
Gerard O'Donoghue - appointed as a Director with effect from 2 October 2012
Colm Ó Gógáin
Rory Scanlan - term of office expired on 13 June 2012
David Taylor
Elaine Treacy - appointed as a Director with effect from 17 July 2012
Barry Walsh - appointed as a Director with effect from 16 October 2012
Peter Wyer - term of office expired on 1 May 2013

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' updated in 2009 ('the Code'). The Code sets out the governance framework agreed by Government for the internal management and the internal and external reporting relationships of Commercial State Bodies.
Bord na Móna has applied the principles of good corporate governance and conforms, as far as possible, and on a voluntary basis to the 2010 UK Corporate Governance Code and to the Irish Corporate Governance Annex.

The Board

The Board is responsible for overseeing and directing the Bord na Móna Group and ensuring its long-term success. Decisions are made after appropriate information has been made available to Board members and with due consideration of the risks identified through the risk management process.

The Board has reserved a schedule of matters for its decision, including:

- approval of Group strategy, annual budgets and interim and annual financial statements;
- review of operational and financial performance;
- approval of major capital expenditure;
- review of the Group's system of financial control and risk management;
- appointment of Managing Director, and
- appointment of the Company Secretary.

The Board is provided with regular information on a timely basis which includes key performance indicators for all areas of the business. Reports and papers are circulated to the Directors in preparation for Board and Committee meetings.

All members of the Board have access to the advices and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The Group's professional advisers are available for consultation by Directors as required. Individual Directors may take independent professional advice in line with specified procedures.

Each Director received appropriate briefing on being appointed to the Board and access to training is provided by the Group during a Director's term of office.

The Board has agreed and implemented a process for evaluating its performance.

The Board and Management maintain an ongoing dialogue with shareholders on strategic issues.

Remuneration of Directors

Fees for Directors are determined by the Government and set out in writing by the Minister for Communications, Energy and Natural Resources.

Board Meetings

The Board met 14 times during the financial year.

Committees of the Board

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

The members of the *Risk and Audit Committee* as at 27 March 2013 were Peter Wyer (Chairman), Denise Cronin and Barry Walsh. Robert Dix acted as an adviser to the Committee until 31 January 2013. 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 27 March 2013 were John Horgan (Chairman), Elaine Treacy and Gerard O'Donoghue. The Managing Director, Gabriel D'Arcy, attends the Committee except when his own position is being discussed. The Committee met four times during the financial year.

The *Finance Committee* considers the financial aspects of matters submitted to the Board and the procurement, disposal and leasing of land, buildings and facilities. The members as at 27 March 2013 were John Horgan (Chairman), Gabriel D'Arcy, Pat McEvoy, Colm Ó Gógáin and David Taylor. The Committee met twice during the financial year.

The *Health and Safety Committee* was established by the Board in February 2013 and advises the Board on health and safety matters within the Bord na Móna Group. The members as at May 2013 were Paddy Fox (Chairman), Paudge Bennett, Gabriel D'Arcy and Gerard O'Donoghue (appointed on 25 April 2013). The Committee met on 25 June 2013.

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 27 March 2013.

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 27 March 2013.

Director	Board Meetings Attended/ Eligible	Committee Meetings Attended/ Eligible
F McArdle, Chairman (Note 1)	9/9	2/2
J Horgan, Chairman	12/12	6/6
G D'Arcy, Managing Director	14/14	2/2
P Bennett	14/14	N/A
D Cronin	11/14	6/6
P Fox	12/14	3/3
P McEvoy	13/14	5/5
G O'Donoghue	4/5	2/2
C Ó Gógáin	14/14	2/2
R Scanlan (Note 2)	4/4	N/A
D Taylor	13/14	2/2
E Treacy	9/9	3/3
B Walsh	4/5	4/4
P Wyer (Note 3)	13/14	6/6

- Note 1: Mr McArdle's term of office expired on 26 September 2012
- Note 2: Mr Scanlan's term of office expired on 13 June 2012
- Note 3: Mr Wyer's term of office expired on 1 May 2013
- The aggregate expenses paid to the Directors in 2013 were €42,925 (2012: €47,974).

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 material 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.

Risk Management

The Board of Bord na Móna has overall responsibility for risk management including determining the nature and extent of significant risks it is willing to accept in pursuit of its strategic and operational objectives.

To address this, the Board has established a risk management system that provides for the continuous identification, assessment, monitoring and reporting of significant risks within Bord na Móna.

The Risk and Audit Committee is the forum for risk governance within Bord na Móna acting under delegated authority from the Board.

The Risk and Audit Committee is responsible for assisting the Board in fulfilling its oversight activities with regard to assessing, reviewing and monitoring the risks inherent in the business and the control processes with respect to such risks. The Risk and Audit Committee is supported on a day to day basis by an appointed Risk Management Officer.

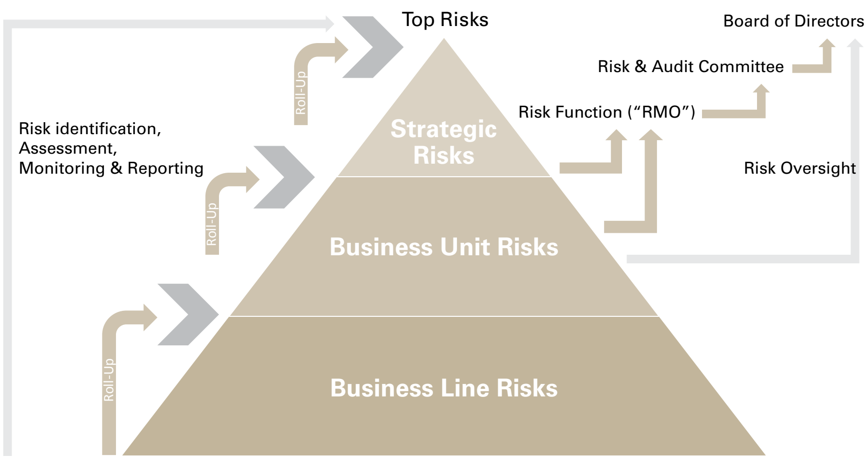
The Risk Management Officer is responsible for overseeing the day to day risk management activities and has responsibility for ensuring that an effective risk management system, proportionate to the nature, scale and complexity of Bord na Móna is developed and maintained.

The risk management system provides appropriate governance structures to support sound risk management practices, formal assignment of risk responsibilities throughout Bord na Móna as well as the procedures to be used in the identification, assessment, monitoring and reporting of risks, including relevant mitigation actions and controls.

The key concepts of this risk management system include:

- a clearly defined risk management strategy that includes risk management objectives, key risk management principles, and the assignment of risk management responsibilities within Bord na Móna;
- a risk management framework and reporting cycle to identify, assess, manage, monitor and report on the risks that Bord na Móna is or may be exposed to. Bord na Móna use a combination of a 'top down' and 'bottom up' risk assessment and management process (see diagram)
- a risk monitoring plan that outlines the review, challenge and oversight activities of the Risk Management Officer; and
- reporting procedures and feedback loops that ensure that risk information is actively monitored, managed and appropriately communicated at all levels within Bord na Móna.

Bord na Móna Risk Management Process



Principal risk type

Business Continuity

The Group's operations are subject to operational risks, weather disruption and other unforeseen risk events such as IT system failure, mechanical plant failure and environmental disruption. The weather has a significant impact on the Group's ability to harvest peat and have sufficient peat stocks available to meet the sales demand for electricity generation, briquette manufacturing and growing media manufacturing. The sales demand for growing media, briquettes, coal and oil is also weather related. Long term disruptions could result in a significant financial and or reputational impact on the Group. The Group have specific mitigation plans to address business disruption if such events were to occur.

Pensions

The majority of the Group's employees are members of one of the three defined benefit pension plans. The schemes are managed separately and are multi-employer. There are pension deficits on all three schemes at the balance sheet date. One particular scheme, the General Employees Superannuation Scheme (GESS) has a material deficit. The Group are in negotiations with the various stakeholders seeking an agreement on a funding proposal to address the deficit and also changes to the benefits of two of the schemes.

Regulatory

The company operates a number of diverse businesses which are increasingly affected by regulatory change. The Group has to continually monitor and manage evolving legislation and regulatory matters. Some of the regulatory risks affecting our businesses are:

- in the Retail business the increasing restrictions on the sale of bituminous coal due to air quality improvement policies;
- in the Powergen business a new evolving EU regulatory framework for electricity;
- in the Retail business the move towards increased peat dilution in Horticulture products in the UK market, and
- the phased reduction in EUA carbon allowances for power plants and briquette factories.

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.

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 in Euro. The Group policy is to minimise the impact of material variations due to foreign exchange movements. 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 and the Group policy is to match and hedge the currencies across different divisions. 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.

Counterparty risk

The Group is exposed to credit risk from the counterparties with whom it holds its bank accounts and transacts within financial markets. Bord na Móna policy is to continually manage counterparty risk taking account of among other relevant factors, published credit ratings. Bord na Móna closely monitors and measures its counterparty limits particularly with all financial institutions that cash deposits are placed with. This item is regularly reviewed and discussed at Board meetings.

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 short and medium term debt with this debt maturing on dates between 2013 and 2019. The Directors are satisfied that the Group currently has sufficient sources of funding available to enable it to fund both existing operations and planned capital expenditure.

Interest rate and cash flow risk
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. Through a series of interest rate swaps, the Group has fixed the interest rates on all its debt. At March 2013, the Group had fixed 100% (2012: 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 the treasury operating policy is risk averse.

Health and Safety and Environmental regulations
The Group's operations are subject to an increasingly stringent range of environmental regulations, health and safety law and other regulations and standards. A breach of any such law or regulation could result in the imposition of material sanctions on the Group and could have a material adverse effect on the Group's businesses. The Group employ special expertise to ensure full compliance, together with continuous staff training and robust monitoring procedures designed to prevent a material breach of statutory or other regulatory obligations.

Directors' and Secretary's Shareholdings
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).

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. 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 27 March 2013.

Codes of Conduct
The Code of Conduct for Employees continued in place during the 2013 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 pursues 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 rigorous attention to safe work processes, training and a constant focus on responsible personal behaviours. The Group continued its Health and Wellness programme, which is designed to enhance individual employee well-being. During the year the Board established a sub-committee of the Board to review and oversee health and safety.

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*.

Going Concern
The directors, having made enquiries, believe that Bord na Móna plc has adequate resources to continue in operation for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors' Report - continued

Post Balance Sheet Events

There were no post balance sheet events that would require adjustment to, or disclosure in, the 2013 financial statements.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990, with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account are kept at the Group's registered office, Main Street, Newbridge, Co Kildare.

Prompt 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 (S.I. No. 388 of 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.

Electoral Act, 1997

The Board made no political donations during the year.

Auditors

KPMG, Chartered Accountants, were appointed as auditor to the Group in December 2012. In accordance with Section 160(2) of the Companies Act, 1963, KPMG will continue in office.

On behalf of the Board:

Signed:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

27 June 2013

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the directors' report and the consolidated and company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated and company financial statements for each financial year. Under that law, the directors have elected to prepare the consolidated and company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable Irish law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The consolidated financial statements are required by law to present fairly the financial position and performance of the Group. The Companies Acts, 1963 to 2012 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. The company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the consolidated and company 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 Group and Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that these financial statements comply with the Companies Acts, 1963 to 2012. The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts, 1963 to 2012.

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

Senior Leadership Team

Michael Barry – Head of Finance

Tom Bradley – Head of Anua

Ger Breen – Group Financial Controller

Joe Coleman – Group Treasurer

John Corcoran – Head of Retail

John Daly – Head of Resource Recovery

Gabriel D'Arcy – Managing Director

Hubert Henry – Head of Innovation

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 Auditor's 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 Móna plc for the year ended 27 March 2013, 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. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's affairs as at 27 March 2013 and of its profit for the year then ended;
- the Parent Company balance sheet gives a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, as applied in accordance with the provisions of the Companies Acts, 1963 to 2012, of the state of the Company's affairs as at 27 March 2013, and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

Matters on which we are required to report by the Companies Acts, 1963 to 2012

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

The Parent Company balance sheet is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Parent Company balance sheet on page 51, 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 27 March 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

- Under the Companies Acts, 1963 to 2012 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.
- Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code, as included in the directors' report on page 28, does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

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

27 June 2013

Accounting Policies and Estimation Techniques

Reporting entity
Bord na Móna plc (the 'Company') is a company domiciled in Ireland. The consolidated financial statements of the Company as at and for the year ended 27 March 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in joint ventures.

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements and have been consistently applied by all Group entities. There were no new standards adopted during the year.

Basis of preparation and statement of compliance
The consolidated and Company financial statements have been prepared in accordance with financial reporting standards of the Financial Reporting Council as promulgated by the Institute of Chartered Accountants in Ireland (generally accepted accounting principles in Ireland) and applicable Company Law.

The Company has taken advantage of the exemption available to it under Section 148(8) of the Companies Act, 1963 which permits a company that publishes its Company and Group financial statements together not to present to its members its own profit and loss account and related notes that form part of the approved Company financial statements.

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet:

- investment property is measured at fair value; and
- the defined benefit plan liability is recognised as plan assets less the present value of the defined benefit plan obligations.

Certain comparative figures have been reclassified in order to present information on a basis consistent with the current year.

Functional and presentation currency
The financial statements are prepared in Euro, which is the functional currency of the Company. All financial information presented in Euro has been rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on the preparation of the consolidated financial statements.

Business combinations
Business combinations are accounted for using the purchase method as at the acquisition date, i.e. when control is transferred to the Group. Control is the ability of an undertaking to direct the financial and operating policies of another undertaking with a view to gaining economic benefits from its activities.

Upon the acquisition of a business, the identifiable assets and liabilities acquired 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 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. Goodwill acquired in a business combination is allocated to the income generating units that are expected to benefit from the synergies of the combination.

Joint ventures
Joint ventures are undertakings over which the Group exercises control jointly with one or more parties. Joint ventures are accounted for using the gross equity method in the consolidated financial statements. Under the gross equity method the investment in a joint venture is recognised initially at cost and adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the joint venture. The cost of the investment includes transaction costs. Any goodwill arising on the acquisition of joint ventures is included in the carrying amount of the investments.

The amounts included in the consolidated financial statements in respect of the post-acquisition profits/losses of joint ventures are taken from their latest audited financial statements made up to the balance sheet date.

Investments in joint ventures are shown in the Company balance sheet as a financial asset and are measured at cost less provisions for impairment in value.

Turnover

Sale of goods and services

Turnover from the sale of goods and services in the course of ordinary activities is measured at the fair value of consideration received or receivable, excluding value added tax and net of returns, trade discounts and including other levies on goods and services to external customers. Turnover from services is recognised when those services are delivered.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs can be measured reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

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

Long-term contracts

Turnover on long-term contracts is recognised using the percentage-of-completion method. The amount of turnover and profit recognised in each accounting period reflects the work performed in that period based on costs incurred.

Rental income

Operating lease rental income is recognised on a straight-line basis, with any lease incentives granted recognised as an integral part of the total rental income over the term to the next market rent review.

Deferred revenue and accrued revenue

On receipt of payment from customers in advance of the performance of the Group's contractual obligations to its customers, the Group recognises deferred revenue on the balance sheet, representing the Group's unperformed obligations under the contract terms. When the Group performs its obligations and thereby obtains the right to consideration, the related revenue is recognised in the profit and loss account. The costs associated with the delivery of the services are charged to cost of sales as incurred.

Revenue earned on goods/services delivery but unbilled is recognised in accordance with contractual terms as accrued revenue on the balance sheet.

Exceptional items

With respect to exceptional items, the Group has applied a profit and loss account format which seeks to highlight significant items within Group results for the year. The Group exercises judgement in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the profit and loss account and related notes as exceptional items. The Group believes that such a presentation provides a more helpful analysis as it highlights material items of a non-recurring nature.

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 exchange differences are included in the profit and loss account.

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. Exchange 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 and forward foreign exchange contracts. In order to hedge the exchange rate exposures and fix the floating interest rates on the Group's two private placement facilities, the Group entered into a number of swap arrangements which match the maturity profile of the unsecured loan notes. The Group's forward foreign exchange contracts are used to hedge expected foreign transaction cash flows.

These derivatives are not recognised on the balance sheet. The fair value of the financial instruments is disclosed at each balance sheet date.

Accounting Policies and Estimation Techniques - continued

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 Government 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.

The purchase of carbon credits are recorded as Intangibles assets at cost.

Tangible fixed assets

Recognition and measurement

Freehold land, other than peatland, is measured at cost less any accumulated impairment losses. Peatland and all other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs associated with this, and
- capitalised borrowing costs.

When parts of an item of tangible fixed asset have different useful lives, then they are accounted for as separate items (major components) and depreciated separately.

Any gain or loss on disposal of a tangible fixed asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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.

Depletion and depreciation

Tangible fixed assets are depreciated from the date that they are available for use or, in respect of assets in the course of construction, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss.

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 12.5%	per annum
Motor Vehicles	20%	per annum
Buildings	5% to 10%	per annum
IT Equipment	20% to 33.3%	per annum

The Group's power plant at Edenderry is depreciated on a electrical output 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 plant's contractual entitlement to priority despatch ceases at that date. The electrical output method of depreciation seeks to relate the depreciation charge to the estimated production capability of the plant.

The Group's peaking plants 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 twenty years 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 and joint ventures are measured at cost less provisions for impairment in value on the Company balance sheet.

In the consolidated balance sheet, the Group's interest in joint ventures is accounted for using the gross equity method.

The Group carries out an impairment test 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 net realisable 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 property is an interest in land and/or buildings that is held for investment potential. Investment properties are included in the balance sheet at their open market value and are not depreciated. Movements in value are recorded as a movement in the revaluation reserve through the statement of total recognised gains and losses, unless a valuation indicates a permanent diminution. Revaluations below original cost are regarded as permanent and are charged to the profit and loss account in the period.

Goodwill and intangible assets

Purchased goodwill is capitalised on the balance sheet and amortised over its estimated useful economic life (between three and twenty years).

Impairment of assets and goodwill

The carrying amounts of the Group's tangible fixed assets and goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If events or changes in circumstances indicate that the carrying value of tangible fixed assets, Intangible assets or goodwill may not be recoverable, the Group carries out an impairment test.

For impairment testing assets are grouped together into the smallest group of assets that generate income that is largely independent of the Group's other income streams. The recoverable amount in respect of income generating units ('IGUs') is the higher of its net realisable value and the value in use. The value in use is determined by discounting to present value the estimated future cash flows expected to be derived from the income generating unit. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or the IGU.

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.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Research and development costs

Expenditure on pure or applied research is expensed in the profit and loss account as incurred.

Development costs are expensed in the profit and loss account unless the criteria for capitalisation as an intangible asset are satisfied, in which case they are capitalised from that date. The criteria for capitalisation include: (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.

Revenue grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

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 actual cost. Briquette stocks are valued on the lower of actual costs or the standard normalised cost. Growing media stocks are valued at weighted average actual costs.

Cost of milled peat includes all direct expenditure incurred in bringing products to their existing location and condition 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 estimated selling price in the ordinary course of business less the estimated cost of completion, costs necessary to make the sale and any 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 and subsequently at amortised cost less any impairment losses. 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

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 at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Leases

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, assets held under finance leases are included in tangible fixed assets at the lower of fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is depreciated over the shorter of the lease term or their useful economic life and otherwise accounted for in accordance with the accounting policy applicable to that asset.

Obligations relating to finance leases, net of finance charges in respect of future periods, are recognised as creditors and presented as due within or after one year, as appropriate. 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 on a straight-line basis, with any lease incentives granted recognised as an integral part of the total rental expense over the term to the next rent review.

Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, a reliable estimate of that obligation can be made and it is probable 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 pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The unwinding of the discount is recognised in the profit and loss account as finance cost.

The amount of a provision is reviewed each year and amended as appropriate. Any changes to the amount of the provision arising from changes in either the amount or timing of cash flows, the discount rate and the rate of inflation are capitalised into the relevant assets and depreciated prospectively.

Environmental reinstatement provision

Provision is made for environmental reinstatement costs relating to the after-use of cutaway peatland and decommissioning costs at the end of the useful lives of the assets. 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.

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 also provided for and expensed directly to the profit and loss account.

Provision for generating assets and manufacturing plants 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 present value of the estimated costs of closing stations are recognised as a provision and capitalised in the tangible fixed asset where they are depreciated in the same way as the generating asset itself.

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 loss adjustors of the likely outturn on each case. In addition there is an estimated liability for claims incurred but not yet reports at the balance sheet date.

Legal provisions

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

Warranty provision

The Group issues warranties for 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 defined contribution pension arrangements.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are received.

Defined benefit schemes: Group
A defined benefit scheme is a post-employment benefit scheme other than a defined contribution plan. 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 and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. 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 difference between 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/expense.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

Where the scheme rules require a surplus arising in the scheme to be shared between the employer and the members, the amount attributable to the members is treated as an increase in the scheme liabilities. The movement in the share attributable to members is recognised in the statement of total recognised gains and losses.

Defined benefit schemes: Company
The Company is a member of the Group defined benefit scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, the Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Company's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation including deferred tax
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 substantively 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 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
The preparation of the consolidated financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements that have the most significant effect on the amounts recognised in the financial statements 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, increases in pension payments and mortality rates. The assumptions adopted by the Group at 27 March 2013 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 Financial Reporting Standard 17 at 27 March 2013, 100% of the pension scheme deficit on the RWESS and GESS schemes has been recognised in the financial statements. The RWESS pension scheme has a surplus at 28 March 2012 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 and goodwill are tested for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The recoverable amount of income generating units is determined based on the determination of a value in use for the income generating unit. This determination is based on forecasted future cashflows.

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

(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 29 March 2012 to 27 March 2013 (prior year: 52-week period 30 March 2011 to 28 March 2012).

Group Profit and Loss Account
For the year ended 27 March 2013

	Note	2013 Before exceptional items €'000	2013 Exceptional items (Note 2) €'000	2013 Total €'000	2012 Total €'000
Continuing operations					
Turnover	2	**428,663**	**(2,543)**	**426,120**	383,826
Cost of sales	2	**(303,723)**	**(20,787)**	**(324,510)**	(276,974)
Gross profit		**124,940**	**(23,330)**	**101,610**	106,852
Distribution costs	2	**(33,167)**	**0**	**(33,167)**	(31,724)
Administration expenses	2	**(44,935)**	**0**	**(44,935)**	(78,791)
Operating profit/(loss)		**46,838**	**(23,330)**	**23,508**	(3,663)
Profit on disposal of fixed assets		**0**	**0**	**0**	1,049
Share of loss of joint venture	10	**(717)**	**0**	**(717)**	(332)
Profit/(loss) before finance charges and taxation		**46,121**	**(23,330)**	**22,791**	(2,946)
Interest receivable and similar income	5	**6,133**	**0**	**6,133**	5,705
Interest payable and similar charges	5	**(15,581)**	**0**	**(15,581)**	(16,086)
Other finance income and charges	5	**(811)**	**0**	**(811)**	585
Profit/(loss) on ordinary activities before taxation		**35,862**	**(23,330)**	**12,532**	(12,742)
Taxation on ordinary activities	6	**(6,105)**	**2,796**	**(3,309)**	(3,519)
Profit/(loss) after taxation on ordinary activities		**29,757**	**(20,534)**	**9,223**	(16,261)
Equity minority interests	19	**9**	**0**	**9**	286
Profit/(loss) for the financial year		**29,766**	**(20,534)**	**9,232**	(15,975)

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Group Statement of Total Recognised Gains and Losses
For the year ended 27 March 2013

	Note	2013 €'000	2012 €'000
Profit/(loss) for the financial year		**9,232**	(15,975)
Actuarial loss recognised on pension schemes	25	**(16,247)**	(31,379)
Deferred tax related to actuarial loss	17(e)	**1,870**	3,864
Revaluation of investment property	9	**0**	(2,463)
Exchange (loss)/profit on translation of foreign subsidiaries		**(4)**	216
Total recognised losses for the financial year		**(5,149)**	(45,737)

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Reconciliation of Movement on Shareholders' Funds

For the year ended 27 March 2013

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss account €'000	Revaluation Reserve €'000	Shareholders' Funds €'000
THE GROUP						
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 profit on translation of 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

Profit for the financial year ended 27 March 2013		**0**	**0**	**9,232**	**0**	**9,232**
Dividend paid	**3**	**0**	**0**	**(2,500)**	**0**	**(2,500)**
Profit retained for the financial year ended 27 March 2013		**0**	**0**	**6,732**	**0**	**6,732**
Actuarial loss recognised on pension schemes	**25**	**0**	**0**	**(16,247)**	**0**	**(16,247)**
Deferred tax related to actuarial loss	**17(e)**	**0**	**0**	**1,870**	**0**	**1,870**
Exchange loss on translation of foreign subsidiaries		**0**	**0**	**(4)**	**0**	**(4)**
Net decrease in shareholders' funds		**0**	**0**	**(7,649)**	**0**	**(7,649)**
Shareholders' funds at 28 March 2012		**82,804**	**1,959**	**96,558**	**0**	**181,321**
Shareholders' funds at 27 March 2013		**82,804**	**1,959**	**88,909**	**0**	**173,672**

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Reconciliation of Movement on Shareholders' Funds
For the year ended 27 March 2013 (continued)

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss account €'000	Shareholders' Funds €'000
THE COMPANY					
Loss for the financial year ended 28 March 2012		0	0	(36,922)	(36,922)
Dividend received		0	0	85,000	85,000
Dividend paid	3	0	0	(4,332)	(4,332)
Net increase in shareholders' funds		0	0	43,746	43,746
Shareholders' funds at 30 March 2011		82,804	1,959	8,339	93,102
Shareholders' funds at 28 March 2012		82,804	1,959	52,085	136,848
Loss for the financial year ended 27 March 2013		**0**	**0**	**(34,443)**	**(34,443)**
Dividend paid	**3**	**0**	**0**	**(2,500)**	**(2,500)**
Net decrease in shareholders' funds		**0**	**0**	**(36,943)**	**(36,943)**
Shareholders' funds at 28 March 2012		**82,804**	**1,959**	**52,085**	**136,848**
Shareholders' funds at 27 March 2013		**82,804**	**1,959**	**15,142**	**99,905**

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 shareholders at 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 €34,443,000 (2012: loss of €36,922,000) and a retained loss of €36,943,000 (2012: retained profit of €43,746,000).

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Group Balance Sheet
as at 27 March 2013

	Note	27 March 2013 €'000	28 March 2012 €'000
Fixed assets			
Intangible assets	7	**19,338**	16,402
Tangible assets	8	**244,333**	244,935
Investment properties	9	**7,750**	8,660
Financial assets	10	**976**	1,193
		272,397	271,190
Current assets			
Stocks	11	**55,228**	95,599
Debtors	12	**76,047**	72,162
Cash at bank and in hand		**247,171**	196,326
		378,446	364,087
Creditors - amounts falling due within one year	13	**(117,530)**	(87,040)
Net current assets		**260,916**	277,047
Total assets less current liabilities		**533,313**	548,237
Creditors - amounts falling due after more than one year	14	**(254,440)**	(275,141)
Provisions for liabilities	17	**(53,664)**	(49,692)
Net assets before pension funds' assets and liabilities		**225,209**	223,404
Pension fund in a net asset position	25	**0**	976
Pension funds in a net liability position	25	**(51,943)**	(42,218)
Net assets after pension funds' assets and liabilities		**173,266**	182,162
Capital and reserves			
Called-up share capital	18	**82,804**	82,804
Share premium	18	**1,959**	1,959
Profit and loss account		**88,909**	96,558
Equity shareholders' funds		**173,672**	181,321
Minority shareholders' interests:			
Equity interests	19	**(406)**	(397)
Non-equity interests	19	**0**	1,238
		(406)	841
		173,266	182,162

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Company Balance Sheet
as at 27 March 2013

	Note	27 March 2013 €'000	28 March 2012 €'000
Fixed assets			
Tangible assets	8	**3,812**	4,595
Financial assets	10	**88,246**	95,401
		92,058	99,996
Current assets			
Debtors - amounts falling due after more than one year	12	**223,612**	193,808
Debtors - amounts falling due within one year	12	**43,567**	59,939
Cash at bank and in hand		**231,889**	182,477
		499,068	436,224
Creditors - amounts falling due within one year	13	**(233,827)**	(122,097)
Net current assets		**265,241**	314,127
Total assets less current liabilities		**357,299**	414,123
Creditors - amounts falling due after more than one year	14	**(243,666)**	(263,040)
Provisions for liabilities	17	**(9,040)**	(9,840)
Net assets before pension fund liabilities		**104,593**	141,243
Pension fund liabilities	25	**(4,688)**	(4,395)
Net assets after pension fund liabilities		**99,905**	136,848
Capital and reserves			
Called-up share capital	18	**82,804**	82,804
Share premium	18	**1,959**	1,959
Profit and loss account		**15,142**	52,085
Equity shareholders' funds		**99,905**	136,848

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Cash Flow Statement
for the year ended 27 March 2013

	Note	2013 €'000	2012 €'000
Net cash inflow from operating activities	20(a)	**108,468**	42,266
Returns on investments and servicing of finance	20(b)	**(11,105)**	(10,280)
Tax paid		**(2,185)**	(4,293)
Capital expenditure and financial investment	20(b)	**(41,833)**	(23,538)
Acquisition of subsidiary undertakings	20(b)	**0**	(1,708)
Equity dividends paid to shareholders		**(2,500)**	(4,332)
Net cash inflow/(outflow) before use of liquid resources and financing		**50,845**	(1,885)
Financing	20(b)	**0**	0
Increase/(decrease) in cash		**50,845**	(1,885)

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash during the year	20(c)	**50,845**	(1,885)
Change in net debt resulting from cash flows		**50,845**	(1,885)
Change from non-cash movements	20(c)	**(1,166)**	(176)
Net debt at beginning of the financial year		**(66,714)**	(64,653)
Net debt at end of the financial year		**(17,035)**	(66,714)

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Notes to the Financial Statements

1. Consolidation

Bord na Móna plc is a majority State-owned company. 95% of its shares are held by the Minister for Finance. The remaining 5% is 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 all of its subsidiaries.

2. Profit/(loss) before taxation

Continuing operations	2013 Gross €'000	2013 Less Inter Group €'000	2013 Before exceptional items €'000	2013 Exceptional items €'000	2013 Total €'000	2012 Gross €'000	2012 Less Inter Group €'000	2012 Total €'000
Turnover [1]								
Powergen	**76,046**	**0**	**76,046**	**0**	**76,046**	71,340	0	71,340
Feedstock	**137,150**	**(59,285)**	**77,865**	**(2,543)**	**75,322**	121,339	(58,464)	62,875
Retail	**199,308**	**(9,967)**	**189,341**	**0**	**189,341**	183,344	(11,760)	171,584
Resource Recovery	**71,806**	**(180)**	**71,626**	**0**	**71,626**	65,496	0	65,496
Anua-Environmental and other	**14,170**	**(385)**	**13,785**	**0**	**13,785**	13,026	(495)	12,531
	498,480	**(69,817)**				454,545	(70,719)	
Net third party turnover			**428,663**	**(2,543)**	**426,120**			383,826
Cost of sales			**(303,723)**	**(20,787)**	**(324,510)**			(276,974)
Gross profit			**124,940**	**(23,330)**	**101,610**			106,852
Distribution costs			**(33,167)**	**0**	**(33,167)**			(31,724)
Administration expenses [2]			**(44,935)**	**0**	**(44,935)**			(78,791)
Operating profit			**46,838**	**(23,330)**	**23,508**			(3,663)

Exceptional items

The Group presents certain material items separately which are unusual by virtue of their size and incidence in the context of its ongoing core operations. This presentation is made to aid understanding of the performance of the Group's underlying business more accurately and reflects the manner in which management analyses its results. Judgement is used by the Group in assessing the particular items which should be disclosed as exceptional. Any amounts deemed "exceptional" have been classified in the profit and loss account in the same way as non-exceptional amounts of the same nature.

The harvesting of peat which is weather dependent is a significant operation within the Group's activities. During the year the Group experienced an increase in the amount of rainfall during the summer months of June to August inclusive. Based on weather records dating back to the 1950's the level of rainfall during this period was unprecedented with an increase of 100% to 150% above the norm. The Group achieved only 4% of its annual harvest during this period compared to a normal harvest of 60% to 70%. The final outturn for the year was 1.4 million tonnes, 37% of the target and a shortfall of 2.4 million tonnes against the target. In accordance with the Group's exceptional cost accounting policy, the Group has treated the impact as an exceptional cost that impacted the operating performance by €23,330,000 and profit for the year by €20,534,000.

[1] The Group is organised into five business units, Powergen, Feedstock, Retail, Resource Recovery and Anua-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 include:
(i) following the appraisal of certain of the Group's businesses, the Group conducted impairment reviews of its assets, in accordance with the Group's accounting policies. This process resulted in an impairment charge of €910,000 in the current year against investment properties (Note 9) (2012: €777,000). Total impairment charges in the prior year amounted to €24,510,000.
(ii) a charge for reorganisation and redundancy costs of €488,000 (2012: €147,000).

2. Profit/(loss) before taxation (continued)

	2013 €'000	2012 €'000
Profit/(loss) before taxation is arrived at after charging/(crediting)		
Auditors' remuneration[1]		
Statutory audit of Group financial statements	**265**	340
Other assurance services	**10**	230
Tax advisory services	**44**	392
Other non-audit services	**93**	171
Operating lease rentals		
Plant and machinery	**1,502**	1,432
Land and buildings	**1,182**	1,420
Staff costs[2]:		
Wages and salaries	**87,698**	95,607
Social welfare costs	**9,320**	10,140
Pension costs	**4,729**	3,356
	101,747	109,103
Staff costs capitalised	**(1,555)**	(704)
Net staff costs	**100,192**	108,399
Depreciation (Note 8)	**35,686**	38,399
Impairment of tangible assets (Note 8)	**0**	6,876
Profit on disposal of other fixed assets	**63**	138
Amortisation of intangible assets (Note 7)	**2,501**	3,291
Impairment of intangible assets (Note 7)	**0**	16,857
Impairment of investment property (Note 9)	**910**	777
Research and business development expenditure	**4,011**	5,664
Capital grants amortised (Note 16)	**(1,361)**	(1,391)

Number of employees	**2013**	2012
Average numbers employed:		
Manufacturing and production	**1,527**	1,596
Administration	**517**	545
	2,044	2,141
Peak employment	**2,386**	2,468

[1] The Group changed auditors during the year from PricewaterhouseCoopers (PwC) to KPMG. The 2013 fees relate to KPMG only and the 2012 fees to PwC only.

During the year, the Company obtained audit services from KPMG at a cost of €10,000 (2012 PwC: €10,000).

[2] Staff costs include a charge of €488,000 (2012: €147,000) in respect of redundancy costs.

The Group incurred an actuarial loss on its pension schemes of €16,247,000 (2012: €31,379,000) (Note 25) which was charged to the Group statement of total recognised gains and losses.

3. Dividends

	2013 €'000	2012 €'000
To the Minister for Finance	**2,375**	4,115
To Bord na Móna ESOP Trustee Limited	**125**	217
	2,500	4,332

The Company paid a dividend of €0.0383 per share during the year (2012: €0.0664). The total dividend payment for the year was €2,500,000 (2012: €4,332,000).

4. Directors' remuneration

	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 27 March 2013	**13**	**226**	**0**	**58**	**20**	**317**
Year ended 28 March 2012	13	231	0	58	20	322

	Fees €'000	Other remuneration[1] €'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) - 27 March 2013	**50**	**319**	**35**	**404**
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 28 March 2012	50	441	35	526
Non executive Directors				
Other non executive directors (9) - 27 March 2013	90	0	0	90
Other non executive directors (7) - 28 March 2012	79	0	0	79

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.

The total remuneration paid to Directors during the year was €811,000 (2012: €927,000).

[1] Other remuneration represents payments made for roles other than directors' roles.

5. Finance (charges)/income

	2013 €'000	2012 €'000
(a) Interest receivable and similar income		
Interest receivable	**6,133**	5,705
(b) Interest payable and similar charges		
Bank overdraft	**(34)**	(148)
Unsecured loan notes	**(15,829)**	(15,894)
Amortisation of issue costs	**(176)**	(176)
Net interest payable	**(16,039)**	(16,218)
Less capitalised interest[1]	**458**	132
	(15,581)	(16,086)
(c) Other finance income and charges		
Other finance income - pension schemes (Note 25)	**299**	1,598
Financing charges on provisions (Note 17)	**(1,110)**	(1,013)
	(811)	585
Finance charges, net	**(10,259)**	(9,796)

[1] The Group capitalises interest on capital 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 tangible fixed asset (Note 8).

6. Taxation

	2013 €'000	2012 €'000
Taxation based on the profit/(loss) for the year:		
Irish corporation tax		
Current tax for the year	**2,818**	2,733
Adjustments in respect of prior years	**14**	113
	2,832	2,846
Foreign taxation		
Current tax for the year	**12**	9
Adjustments in respect of prior years	**0**	0
	12	9
Total current tax (see note below)	**2,844**	2,855
Deferred tax - origination and reversal of timing differences (Note 17)	**465**	664
Tax on profits on ordinary activities	**3,309**	3,519

Factors affecting corporation tax charge for the year		
Profit/(loss) before taxation	**12,532**	(12,742)
Standard rate of corporation tax for the year	**12.50%**	12.50%
Profit/(loss) before taxation multiplied by standard rate	**1,567**	(1,593)
Effects of:		
Expenses not deductible for tax purposes	**254**	722
Depreciation and amortisation in excess of capital allowances	**16**	168
Ineligible depreciation	**984**	623
Impairment of tangible assets and investment property	**114**	860
Amortisation of intangible assets	**312**	411
Impairment of intangible assets	**0**	2,107
Utilisation of tax losses	**0**	(60)
Taxation rate differences	**5**	29
Pension contribution relief in excess of pension cost charge	**(422)**	(525)
Adjustments in respect of prior years	**14**	113
	2,844	2,855

7. Intangible assets

THE GROUP	Goodwill 2013 €'000	Other intangibles 2013 €'000	Total 2013 €'000	Goodwill 2012 €'000	Patents 2012 €'000	Total 2012 €'000
Cost						
At beginning of the financial year	**66,878**	**503**	**67,381**	64,188	503	64,691
Reclassification (Note 8)	**0**	**7,355**	**7,355**	0	0	0
Additions	**0**	**1,269**	**1,269**	0	0	0
Arising on acquisition (Note 21)	**0**	**0**	**0**	2,675	0	2,675
Exchange adjustment	**11**	**0**	**11**	15	0	15
At end of the financial year	**66,889**	**9,127**	**76,016**	66,878	503	67,381
Amortisation and Impairments						
At beginning of the financial year	**50,476**	**503**	**50,979**	30,326	503	30,829
Reclassification (Note 8)	**0**	**3,187**	**3,187**	0	0	0
Charge for year	**2,098**	**403**	**2,501**	3,291	0	3,291
Impairment	**0**	**0**	**0**	16,857	0	16,857
Exchange adjustment	**11**	**0**	**11**	2	0	2
At end of the financial year	**52,585**	**4,093**	**56,678**	50,476	503	50,979
Net Book Amounts						
At beginning of the financial year	**16,402**	**0**	**16,402**	33,862	0	33,862
At end of the financial year	**14,304**	**5,034**	**19,338**	16,402	0	16,402

At the beginning of the year the Group reclassified its capitalised grid connection costs from tangible assets to intangible assets. The gross value of capitalised grid connection costs was €7,355,000 and the accumulated amortisation at the date of transfer was €3,187,000 (Note 8).

Other intangibles include €1,269,000 in respect of grid connection costs that are in the course of construction.

The carrying value of goodwill of €14,304,000 (2012: €16,402,000) is represented by goodwill in the Powergen business of €6,357,000 (2012: €6,962,000), goodwill in the Resource Recovery business of €7,705,000 (2012: €9,154,000) and goodwill in the Anua-Environmental business of €242,000 (2012: €286,000).

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 each 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% (2012: 2.3%) and a pre tax weighted average cost of capital of 9.0% (2012: 9.7%) which are consistent with the Group's expectation for market development and growth in market share where applicable. Based on these reviews there was no impairment of the carrying value of goodwill (2012: impairment charge of €16,857,000 on goodwill in the Resource Recovery sector).

The estimated value in use of the Resource Recovery generation unit is dependent on two key assumptions, the discount rate and the growth rate assumed in future EBITDA for which there could be a reasonably possible change that could result in the carrying amount exceeding the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually in order for the estimated value in use of the Resource Recovery generation unit to be equal to the carrying amount.

Movement required in key assumptions for carrying amount to equal value in use:

	2013
Discount rate	2%
EBITDA growth	(7%)

8. Tangible assets

THE GROUP	Bogland, 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
Cost							
At 28 March 2012	123,600	27,407	236,415	162,523	18,005	11,561	579,511
Reclassification (Note 7)[1]	0	0	0	(6,925)	(430)	0	(7,355)
Additions at cost[2]	2,094	937	6,516	367	46	29,415	39,375
Disposals/retirements[3]	(223)	0	(7,998)	0	0	0	(8,221)
Transfers out of assets under construction	2,800	2,019	4,659	0	0	(9,478)	0
Exchange adjustment	0	0	24	0	(13)	0	11
At 27 March 2013	**128,271**	**30,363**	**239,616**	**155,965**	**17,608**	**31,498**	**603,321**
Accumulated Depreciation							
At 28 March 2012	86,428	15,671	175,396	47,200	9,881	0	334,576
Reclassification (Note 7)[1]	0	0	0	(3,187)	0	0	(3,187)
Charge for year	4,276	3,388	17,333	10,080	609	0	35,686
Disposals/retirements[3]	(207)	0	(7,898)	0	0	0	(8,105)
Exchange adjustment	0	0	20	0	(2)	0	18
At 27 March 2013	**90,497**	**19,059**	**184,851**	**54,093**	**10,488**	**0**	**358,988**
Net Book Value							
At 28 March 2012	37,172	11,736	61,019	115,323	8,124	11,561	244,935
At 27 March 2013	**37,774**	**11,304**	**54,765**	**101,872**	**7,120**	**31,498**	**244,333**

[1] At the beginning of the year the year the Group reclassified its capitalised grid connection costs from tangible assets to intangible assets. The gross value of capitalised grid connection costs was €7,355,000 and the accumulated amortisation at the date of transfer was €3,187,000 (Note 7).

[2] Additions includes:
(i) a sum of €1,016,000 in respect of decommissioning and restoration assets (2012: €3,712,000) (Note 17).
(ii) the Group capitalised borrowing costs of €458,000 (2012: €132,000) in respect of assets in the course of construction during the year (Note 5). The rate of interest applied was 7.3% (2012: 7.3%).

[3] Retirements/disposals during the year primarily relate to fully depreciated assets.

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 €Nil (2012: €6,876,000 in the Resource Recovery and Anua-Environmental businesses).

8. Tangible assets (continued)

THE COMPANY	Bogland, drainage & production buildings €'000	Railways, plant & machinery €'000	Freehold land, administration & research buildings €'000	Total €'000
Cost				
At 28 March 2012	559	10,509	6,175	17,243
Additions at cost	0	513	12	525
At 27 March 2013	**559**	**11,022**	**6,187**	**17,768**
Accumulated Depreciation				
At 28 March 2012	0	9,175	3,473	12,648
Charge for year	0	1,048	260	1,308
At 27 March 2013	**0**	**10,223**	**3,733**	**13,956**
Net Book Value				
At 28 March 2012	559	1,334	2,702	4,595
At 27 March 2013	**559**	**799**	**2,454**	**3,812**

9. Investment properties

	2013 €'000	2012 €'000
At beginning of the financial year	**8,660**	11,900
Impairment during the year charged to the statement of total recognised gains and losses	**0**	(2,463)
Impairment during the year charged to the profit and loss account	**(910)**	(777)
At end of the financial year	**7,750**	8,660

The investment property is stated at market value as at 27 March 2013. 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 arm's length transaction after proper marketing wherin 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, 8th Edition (the 'Red Book'). The valuation was carried out as at 27 March 2013 and resulted in an impairment charge of €910,000 (2012: €777,000) which is included in cost of sales (Note 2).

The market value of the investment property has been primarily derived using comparable market transactions on arm's 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

THE GROUP	**2013 €'000**	2012 €'000
Joint Venture		
At beginning of the financial year	**1,193**	0
Investment during the year	**500**	1,525
Group share of loss	**(717)**	(332)
At end of the financial year	**976**	1,193
Share of gross assets	**2,025**	1,525
Share of gross liabilities	**(1,049)**	(332)
Share of net assets	**976**	1,193

10. Financial assets (continued)

The following transactions were carried out with the joint venture:	2013 €'000	2012 €'000
(a) Purchase of services	**185**	253
(b) Provision of finance	**535**	1,525
(c) Amounts receivable from joint venture	**111**	246
(d) Amounts payable to joint venture	**0**	1,525

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 is developing the windfarm project and has not yet commenced trading.

At the balance sheet date the Group had a commitment to provide additional funding of €1,700,000 to fund the development of the Oweninny wind farm.

	Subsidiary undertakings			
	Unlisted shares	Convertible loan stock	Loans	Total
THE COMPANY	€'000	€'000	€'000	€'000
At beginning of the financial year	6,853	782	87,766	95,401
Repayment during the year	0	(302)	0	(302)
Impairment during the year	(6,853)	0	0	(6,853)
At end of the financial year	**0**	**480**	**87,766**	**88,246**

The Company has reviewed the carrying value of investments in subsidiary companies as at 27 March 2013 which resulted in an impairment of the value of unlisted shares of €6,853,000 (2012: €18,547,000). The Company also reviewed the carrying value of the loans of €87,766,000 and there is no impairment on the loans.

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 by agreement between the stockholders and Derryarkin Sand and Gravel Limited. All convertible stock not previously redeemed or converted will be redeemable at par upon the expiration of ten years from the date of issue which is March 2013. Derryarkin Sand and Gravel Limited repaid €302,000 of loan stock to the Company during the year (2012: Nil). The Company has reviewed the carrying value of investments in convertible loan stock at the balance sheet date and impaired the investment by €Nil (2012: €730,000).

10. Financial assets (continued)

The principal subsidiary and joint venture companies in the Group at 27 March 2013 are as follows:

Subsidiary company	Business	Registered office	Shareholding
Bord na Móna Energy Limited[1]	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
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
Renewable Energy Ireland Limited	Power Generation	Newbridge, Co Kildare	89
Mount Lucas Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100
Bruckana Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100
Bord na Móna Fuels Limited[1]	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[1]	Production and sale of horticultural products	Newbridge, Co Kildare	100
Bord na Móna Environmental Limited[1]	Production, sale and installation of environmental products.	Newbridge, Co Kildare	100
Bord na Móna Environmental Products (UK) Limited	Sale and installation of environmental products	Bridgewater, Somerset, England	100
Bord na Móna Environmental Products US Inc.	Sale and installation of environmental products	Delaware, U.S.A.	100
Advanced Environmental Solutions (Ireland) Limited[1]	Resource recovery and recycling company	Newbridge, Co Kildare	100
Bord na Móna Property Limited[1]	Property holding company	Newbridge, Co Kildare	100
Derryarkin Sand and Gravel Limited[1]	Extraction and sale of sand and gravel	Newbridge, Co Kildare	55
Joint venture company			
Oweninny Power Limited	Power generation	St. Stephen's Green, Dublin 2	50

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

[1]Shareholding held directly by Bord na Móna plc.

11. Stocks

	THE GROUP 2013 €'000	2012 €'000
Raw materials	**15,896**	22,020
Work in progress	**41**	318
Finished goods	**33,474**	67,568
Maintenance spares	**5,817**	5,693
	55,228	95,599

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

12. Debtors

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Trade debtors	**60,168**	56,801	**0**	0
Accrued revenue	**6,103**	5,256	**0**	0
Amounts due from Group companies	**0**	0	**261,899**	249,909
Amount owed by joint venture undertaking	**111**	246	**9**	0
Value-added tax	**29**	0	**139**	122
Corporation tax	**753**	385	**69**	96
Deferred tax (Note 17(e))	**1,162**	1,290	**309**	335
Prepayments	**3,156**	3,711	**1,224**	1,259
Other debtors	**4,565**	4,473	**3,530**	2,026
	76,047	72,162	**267,179**	253,747
Amounts fall due as follows:				
- within one year	**74,426**	71,709	**43,567**	59,939
- after more than one year	**1,621**	453	**223,612**	193,808
	76,047	72,162	**267,179**	253,747

Debtors after more than one year in the Company represent loans advanced to subsidiary companies which will be repaid from cash generated by the businesses. The Company reviewed the recoverability of the loans advanced to subsidiaries and impaired the loans by €19,348,000 (2012: €Nil).

13. Creditors - amounts falling due within one year

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Loans (Note 15)	**20,540**	0	**19,550**	0
Bank overdraft (Note 15)	**0**	0	**145,050**	102,408
Capital grants (Note 16)	**1,358**	1,392	**0**	0
Trade creditors	**56,465**	51,118	**735**	1,009
Deferred revenue	**8,465**	8,059	**194**	0
Accruals	**18,108**	14,990	**8,998**	8,425
Other creditors	**5,472**	5,392	**0**	0
Amounts due to Group companies	**0**	0	**56,950**	7,834
Amount owed to joint venture undertaking	**0**	1,525	**0**	0
Creditors in respect of taxation and social welfare (see below)	**7,122**	4,564	**2,350**	2,421
	117,530	87,040	**233,827**	122,097
Creditors in respect of taxation and social welfare comprise:				
Income tax deducted under PAYE	**1,311**	1,382	**1,296**	1,361
Pay-related social insurance	**969**	991	**952**	967
Corporation tax	**1,814**	787	**0**	0
Value-added tax	**2,926**	1,277	**0**	0
Other taxes	**102**	127	**102**	93
	7,122	4,564	**2,350**	2,421

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

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Unsecured loan notes (Note 15)	**243,666**	263,040	**243,666**	263,040
Capital grants (Note 16)	**10,774**	12,101	**0**	0
	254,440	275,141	**243,666**	263,040

15. Bank loans, overdrafts and unsecured loan notes

THE GROUP	Within one year €'000	Between one and two years €'000	Between two and five years €'000	After more than five years €'000	Total €'000
Convertible loan notes (Note 20(c))	990	0	0	0	990
Unsecured loan notes[1]	19,550	40,569	96,746	106,351	263,216
At 27 March 2013	**20,540**	**40,569**	**96,746**	**106,351**	**264,206**
At 28 March 2012	0	19,542	105,216	138,282	263,040
THE COMPANY					
Overdrafts[2]	145,050	0	0	0	145,050
Unsecured loan notes[1]	19,550	40,569	96,746	106,351	263,216
At 27 March 2013	**164,600**	**40,569**	**96,746**	**106,351**	**408,266**
At 28 March 2012	102,408	19,542	105,216	138,282	365,448

[1] Net of unsecured loan note capitalised issue costs. At the balance sheet date the value of capitalised issue costs was €675,000 (2012: €851,000).

On 27 March 2013 the Group had US$355,000,000 fixed rate debt (€263,891,375 equivalent) arising from two US private placement transactions, which were completed on 22 June 2006 (US$150,000,000 : €117,462,803) and 6 August 2009 (US$205,000,000 : €146,428,572). In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes.

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 fair value of the cross currency swap asset at 27 March 2013 was €19,850,000 (2012: €9,924,000). In line with the Group's accounting policies, the fair value of derivative financial instruments is not recognised in the balance sheet.

[2] The Company and certain of its subsidiary companies have entered into a 'Cashpool Agreement' with their principal bankers. The Cashpool Agreement includes cross guarantees and a Master Netting Agreement in respect of specified accounts contained within that agreement.

16. Deferred income - capital grants

	THE GROUP	
	2013	2012
	€'000	€'000
At beginning of the financial year	**13,493**	14,884
Amortised during the year (Note 2)	**(1,361)**	(1,391)
At end of the financial year	**12,132**	13,493
Amounts due as follows:		
- within one year (Note 13)	**1,358**	1,392
- after more than one year (Note 14)	**10,774**	12,101
	12,132	13,493

17. Provisions for liabilities

THE GROUP

	Environmental reinstatement €'000	Reorganisation & redundancy €'000	Insurance €'000	Other €'000	Deferred tax excluding deferred tax on pension deficit €'000	Total €'000
At 28 March 2012	32,772	407	7,024	1,670	7,819	49,692
Reclassification[1]	1,470	0	0	0	0	1,470
Charge to the profit and loss account	2,477	540	1,750	642	(46)	5,363
Credit to the profit and loss account	(616)	(52)	(717)	(165)	0	(1,550)
Financing charge (Note 5)	1,110	0	0	0	0	1,110
Capitalised during the year	1,016	0	0	0	0	1,016
Utilised during the year	(1,317)	(733)	(1,206)	(181)	0	(3,437)
At 27 March 2013	**36,912**	**162**	**6,851**	**1,966**	**7,773**	**53,664**
Amounts due as follows:						
- within one year	5,944	162	6,851	1,966	840	15,763
- after more than one year	30,968	0	0	0	6,933	37,901
	36,912	**162**	**6,851**	**1,966**	**7,773**	**53,664**

THE COMPANY

	Environmental reinstatement €'000	Reorganisation & redundancy €'000	Insurance €'000	Other €'000	Deferred tax excluding deferred tax on pension deficit €'000	Total €'000
At 28 March 2012	2,795	19	6,901	125	0	9,840
Reclassification[1]	0	0	0	0	0	0
Charge to the profit and loss account	0	296	1,750	0	0	2,046
Credit to the profit and loss account	(503)	0	(657)	0	0	(1,160)
Utilised during the year	(100)	(275)	(1,186)	(125)	0	(1,686)
At 27 March 2013	**2,192**	**40**	**6,808**	**0**	**0**	**9,040**
Amounts due as follows:						
- within one year	2,192	40	6,808	0	0	9,040
- after more than one year	0	0	0	0	0	0
	2,192	**40**	**6,808**	**0**	**0**	**9,040**

[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 Group's Integrated Polution Prevention Control licence to decommission and reinstate the peatlands post peat production. The provision of €15,772,000 as at 27 March 2013 represents the present value of the expected future costs of decommissioning and reinstatement. 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 €6,742,000 recognised in accordance with FRS 12 in respect of the Group's assessment of environmental liabilities in relation to an AES site which was in existence prior to the Group's acquisition of the business in May 2007. The provisions are based on the Group's estimate of the present value of future remediation costs, based on advice received from third party environmental experts.

17. Provisions for liabilities and charges (continued)

(iii) The cost of maintaining the landfill facility post closure (2028) and the cost of capping existing engineered cells in use. The Group's minimum unavoidable costs measured at present value amount to €10,091,000 at 27 March 2013. 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 of €2,192,000 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 its 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.

(v) A provision of €1,102,000 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.

(vi) A provision of €1,013,000 is made for plant closure costs based on the present value of the current estimate of the costs of closure of briquette and horticulture compost plants 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 27 March 2013 is a sum of €194,000 (2012: €254,000) which is recoverable from the Department of Enterprise, Trade and Innovation.

(c) Insurance

The insurance provision relates to employer's, 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. The provision includes a sum for incidents incurred but not reported at the balance sheet date.

(d) Other

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

17. Provisions for liabilities and charges (continued)

(e) Deferred tax

The deferred tax provision is comprised of:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Accelerated capital allowances	**7,095**	7,030	**(173)**	(175)
General provisions	**(353)**	(348)	**(136)**	(160)
Unutilised tax losses	**(131)**	(153)	**0**	0
Undiscounted provision for deferred tax	**6,611**	6,529	**(309)**	(335)
Pension asset - deferred tax liability (Note 25)	**0**	139		
Pension liability - deferred tax asset (Note 25)	**(6,751)**	(5,403)		
Deferred tax including that relating to pension deficit	**(140)**	1,265		
The movement on deferred tax during the year was as follows:				
Deferred tax at the beginning of the financial year	**1,265**	4,431	**(335)**	(281)
Deferred tax charge/(credit) in the profit and loss account excluding charge related to pensions	**82**	139	**26**	(54)
Deferred tax charge in the profit and loss account related to pensions	**383**	525	**0**	0
Net deferred tax charge/(credit) in the profit and loss account (Note 6)	**465**	664	**26**	(54)
Deferred tax on pension liability in statement of total recognised gains and losses	**(1,870)**	(3,864)	**0**	0
Loss relief surrendered to minority shareholder	**0**	34	**0**	0
Deferred tax at the end of the financial year	**(140)**	1,265	**(309)**	(335)
Deferred tax provision	**7,773**	7,819	**0**	0
Deferred tax asset (Note 12)	**(1,162)**	(1,290)	**(309)**	(335)
Deferred tax liability related to pension fund asset (Note 25)	**0**	139	**0**	0
Deferred tax asset related to pension fund liability (Note 25)	**(6,751)**	(5,403)	**0**	0
	(140)	1,265	**(309)**	(335)

At 27 March 2013 the Group had other potential deferred tax assets amounting to €1,380,000 (2012: €1,810,000). These assets have not been recognised due to uncertainty over recoverability.

18. Share capital

	2013 €'000	2012 €'000
Authorised		
300,000,000 ordinary shares of €1.27 each	**380,921**	380,921

Allotted and fully paid	2013 Share Capital €'000	2013 Share Premium €'000	2013 Total €'000	2012 Share Capital €'000	2012 Share Premium €'000	2012 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 27 March 2013 the total number of ordinary shares allotted and fully paid was 65,212,638 (2012: 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' interest

	Equity interests €'000	Non-equity interests €'000	Total €'000
At 28 March 2012	(397)	1,238	841
Share of loss for the financial year	(9)	0	(9)
Repayment during the year	0	(248)	(248)
Transfer to financial liability	0	(990)	(990)
At 27 March 2013	**(406)**	**0**	**(406)**

During the year the minority shareholders' interests share of the non-equity loan was transferred to current liabilities as a result of a change in terms.

20. Amounts included in cash flow statement

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

	2013 €'000	2012 €'000
Operating profit	**23,508**	(3,663)
Depreciation of tangible assets	**35,686**	38,399
Impairment of tangible assets	**0**	6,876
Amortisation of intangible assets	**2,501**	3,291
Impairment of intangible assets	**0**	16,857
Impairment of investment property	**910**	777
Non-cash consideration for acquisition undertaking (Note 21)	**0**	(1,626)
Profit on sale of fixed assets	**(63)**	(172)
Amortisation of capital grants	**(1,361)**	(1,391)
Difference between provisioning charges and payments	**1,486**	(362)
Difference between pension charge and cash contributions	**(3,762)**	(2,603)
Decrease/(increase) in stocks	**40,371**	(12,482)
(Increase)/decrease in debtors	**(2,141)**	2,690
Increase/(decrease) in creditors	**11,333**	(4,325)
Net cash flow from operating activities	**108,468**	42,266

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

	2013 €'000	2012 €'000
Returns on investments and servicing of finance		
Interest paid	**(15,990)**	(16,068)
Interest received	**4,885**	5,911
Dividends paid to minority shareholders in subsidiary undertaking	**0**	(123)
Net cash outflow	**(11,105)**	(10,280)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(38,718)**	(23,865)
Proceeds from disposal of fixed assets	**179**	327
Payments to acquire intangible fixed assets	**(1,269)**	0
Investment in joint venture	**(2,025)**	0
Net cash outflow	**(41,833)**	(23,538)
Acquisitions and disposals		
Acquisition of undertakings (Note 21)	**0**	(1,708)
Net cash outflow	**0**	(1,708)
Financing		
Net cash inflow	**0**	0

20. Amounts included in cash flow statement (continued)

(c) Analysis of net debt

	At beginning of year €'000	Cash Flow €'000	Non-cash €'000	At end of year €'000
Unsecured loan notes (Note 15)	(263,040)	0	(176)	**(263,216)**
Convertible loan notes (Note 15)[1]	0	0	(990)	**(990)**
Cash	196,326	50,845	0	**247,171**
Net debt	(66,714)	50,845	(1,166)	**(17,035)**

[1] During the year convertible loan notes of €990,000 were reclassified to financial liabilities (Note 19).

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, fair value adjustments and final fair values of the assets acquired are set out below.

	Provisional fair values 2012 €'000	Fair value Adjustment 2013 €'000	Final fair values 2013 €'000
Tangible assets	651	**0**	**651**
Net current assets	8	**0**	**8**
Net assets acquired	659	**0**	**659**
Goodwill arising on acquisition (Note 7)	2,675	**0**	**2,675**
Total consideration (including transaction costs)	3,334	**0**	**3,334**
Satisfied by:			
Cash	1,708	**0**	**1,708**
Non-cash consideration	1,626	**0**	**1,626**
Total consideration	3,334	**0**	**3,334**

22. Capital commitments

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

THE GROUP	2013 €'000	2012 €'000
Tangible asset commitment	**141,690**	5,236
	141,690	5,236

THE COMPANY		
Tangible asset commitment	**462**	0
	462	0

The Group is developing two windfarms at Mount Lucas, Co. Offaly and Bruckana on the borders of counties Kilkenny, Laois and Tipperary and has entered into a number of contracts.

23. Operating lease commitments

At 27 March 2013 the Group had annual commitments under non-revocable operating leases expiring as follows:

THE GROUP	Land and buildings 2013 €'000	Plant and machinery 2013 €'000	Land and buildings 2012 €'000	Plant and machinery 2012 €'000
Operating leases which expire:				
Within one year	**49**	**384**	55	375
Within one to five years	**322**	**1,271**	372	960
After five years	**681**	**0**	673	0
	1,052	**1,655**	1,100	1,335

THE COMPANY	Other 2013 €'000	Plant and machinery 2013 €'000	Other 2012 €'000	Plant and machinery 2012 €'000
Operating leases which expire:				
Within one year	**0**	**5**	0	31
Within one to five years	**0**	**180**	0	116
After five years	**0**	**0**	0	0
	0	**185**	0	147

24. Guarantees and contingent liabilities

In the normal course of business the Company provides guarantees in respect of liabilities of certain of its subsidiaries.

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 has also 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 €4,688,000 based on an actuarial valuation at the balance sheet date (2012: €4,395,000).

(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 full valuations for the GESS and RWESS schemes were prepared as of 31 March 2011 and the BnM Fuels scheme valuation was prepared as of 1 April 2012. 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 €241.5 million.

25. Pension schemes (continued)

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 €2.5 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 74% of the benefits that had accrued to members at the valuation date.

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 27 March 2013 was €7,800,000 and the Group will meet the capital cost by way of fixed annual capital payments by 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. Given the recent regulation changes and the risk reserve funding requirement it is expected that a funding proposal subject to approval by the required parties will be in place within the next number of months. 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.

Discussions in relation to the BnM Fuels pension deficit are also ongoing with the various stakeholders to reach an agreement on funding proposal. A number of measures are under consideration and a funding solution that will result in additional contributions by the Group over a period of ten years and benefits changes for the members.

(c) FRS 17 'Retirement Benefits'

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

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 at 27 March 2013, 100% of the pension scheme deficits on the RWESS, GESS and BnM Fuels defined benefit schemes have been recognised in the financial statements. The RWESS defined benefit scheme had a surplus at March 2012 and the Group has accounted for its share of the opening pension scheme surplus 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 27 March 2013 as noted below.

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

25. Pension schemes (continued)

The amounts recognised in the Balance Sheet are as follows:

	March 2013 €'000	March 2012 €'000
Fair value of the schemes' assets	**271,717**	251,169
Present value of schemes' liabilities and unfunded pensions liabilities	**(330,411)**	(296,560)
Members' share of surplus on RWESS scheme	**0**	(1,115)
Revised present value of schemes' liabilities and unfunded pension liabilities	**(330,411)**	(297,675)
Pension deficit	**(58,694)**	(46,506)
Related net deferred tax asset (Note 17(e))	**6,751**	5,264
Net pension deficit	**(51,943)**	(41,242)
The net pension deficit is comprised as follows:		
Pension asset	**0**	1,115
Related net deferred tax liability (Note 17(e))	**0**	(139)
Pension asset net of deferred tax as per Group balance sheet	**0**	976
Pension deficit	**(58,694)**	(47,621)
Related net deferred tax asset (Note 17(e))	**6,751**	5,403
Pension deficit net of deferred tax as per Group balance sheet	**(51,943)**	(42,218)
Net pension deficit	**(51,943)**	(41,242)

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

	March 2013 €'000	March 2012 €'000
Analysis of the amount charged to operating profit		
Current service cost	**(2,710)**	(2,368)
	(2,710)	(2,368)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	**12,169**	14,919
Interest on schemes' liabilities	**(11,870)**	(13,321)
Net return on finance income (Note 5)	**299**	1,598
Total profit and loss account charge	**(2,411)**	(770)
Actual return on schemes' assets	**23,067**	14,597

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

	March 2013 €'000	March 2012 €'000
Actual return less expected return on schemes' assets	**10,898**	(322)
Experience gains arising on schemes' liabilities	**7,050**	4,362
Changes in assumptions underlying the present value of schemes' liabilities	**(35,310)**	(39,845)
Actuarial (loss) recognised	**(17,362)**	(35,805)
Less members' share of movement on scheme surplus during the financial year	**1,115**	4,426
Actuarial loss recognised by the Group	**(16,247)**	(31,379)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 27 March 2013 is €73,139,000 (2012: €56,892,000).

25. Pension schemes (continued)

Balance Sheet as at 27 March 2013

Movement in schemes' assets and liabilities	Scheme Assets €'000	Scheme Liabilities €'000	Scheme Deficit €'000
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 liabilities	0	(13,321)	(13,321)
Expected return on assets	14,919	0	14,919
Members' share of increased pension surplus at start of year	0	4,426	4,426
Actual less expected return on scheme assets	(322)	0	(322)
Experience gains 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)
Service cost charged to the profit and loss account	0	(2,710)	(2,710)
Interest on scheme liabilities	0	(11,870)	(11,870)
Expected return on assets	12,169	0	12,169
Members' share of reduced pension surplus at start of year	0	1,115	1,115
Actual less expected return on assets	10,898	0	10,898
Experience gains on liabilities	0	7,050	7,050
Change in actuarial assumptions	0	(35,310)	(35,310)
Contributions by members	3,411	(3,411)	0
Employer's contributions paid	6,470	0	6,470
Benefits paid	(12,400)	12,400	0
At 27 March 2013	**271,717**	**(330,411)**	**(58,694)**

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 26 March 2014 are €5,275,000.

Scheme assets

At 27 March 2013 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 €271,717,000 (2012: €251,169,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	March 2013 %	March 2012 %
Equities	**42.3**	50.8
Bonds	**36.1**	39.1
Property	**4.7**	5.0
Cash	**16.9**	5.1
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 7.0% and is expected to exceed that of bonds by on average 3.5%. The expected rate of return on cash is 1% and for property assets the expected rate of return is rate of return is 6.0%. The pension levy deduction is 0.6%. The overall expected rate of return on scheme assets at 27 March 2013 was 4.08% (2012: 4.88%).

25. Pension schemes (continued)

Financial assumptions

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

	March 2013	March 2012
Rate of increase in salaries	**2.50%**	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	**3.00%**	4.00%
Inflation rate	**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 in respect of members of the RWESS.

Retiring today	March 2013	March 2012
Males (RWESS)	**20.5**	20.5
Females (RWESS)	**23.4**	23.4
Males (Other)	**22.5**	22.3
Females (Other)	**23.9**	23.7

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:

	2013 €'000	2012 €'000	2011 €'000	2010 €'000	2009 €'000
Defined benefit present value of obligation	**(330,411)**	(296,560)	(254,012)	(252,417)	(237,834)
Fair value of plan assets	**271,717**	251,169	240,225	233,444	186,484
Pension deficit	**(58,694)**	(45,391)	(13,787)	(18,973)	(51,350)
Experience adjustments arising on:					
the schemes' liabilities	**7,050**	4,362	5,914	7,220	7,686
as a percentage of the schemes' liabilities at March	**2.1%**	1.5%	2.3%	2.9%	3.2%
the schemes' assets	**10,898**	(322)	(4,567)	40,015	(72,302)
as a percentage of the schemes' assets at March	**4.0%**	(0.1%)	(1.9%)	17.1%	(38.8%)

All scheme assets are stated to bid market values.

Company pension fund liability

	2013 €'000	2012 €'000
At the beginning of the financial year	**4,395**	3,922
Utilised during year	**(346)**	(346)
Charge for year	**639**	819
At the end of the financial year	**4,688**	4,395

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%	319,451	(10,960)	(3%)
An increase in salary inflation	0.25%	333,592	3,181	1%
An increase in pension escalation	0.25%	338,191	7,780	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 during the year. Contributions payable by the employer to the defined contribution schemes in the year to 27 March 2013 amounted to €797,000 (2012: €669,000) which were charged to the profit and loss account and €81,000 (2012: €70,000) 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 27 March 2013 the Group contributed €249,000 (2012: €395,000) to PRSA's on behalf of its employees. This was charged to the profit and loss account and €1,280 (2012: €1,802) 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 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 27 March 2013 amounted to €137.6 million (2012: €120.9 million) and amounts due from these entities to the Group at 27 March 2013 for these services amounted to €12.2 million (2012: €12.3 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 €87.0 million with Allied Irish Banks plc at 27 March 2013 (2012: €20.0 million). The Group earned rental income from Irish Bank Resolution Corporation (in special liquidation) of €0.8 million during the year (2012: €1.0 million) and from Allied Irish Banks plc of €0.1 million (2012: €Nil).

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 disclosure and/or adjustment to the financial statements.

28. Board approval

The Board approved the financial statements on 27 June 2013.

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