Bord na Móna
Naturally Driven

Bord na Móna
Annual Report 2017

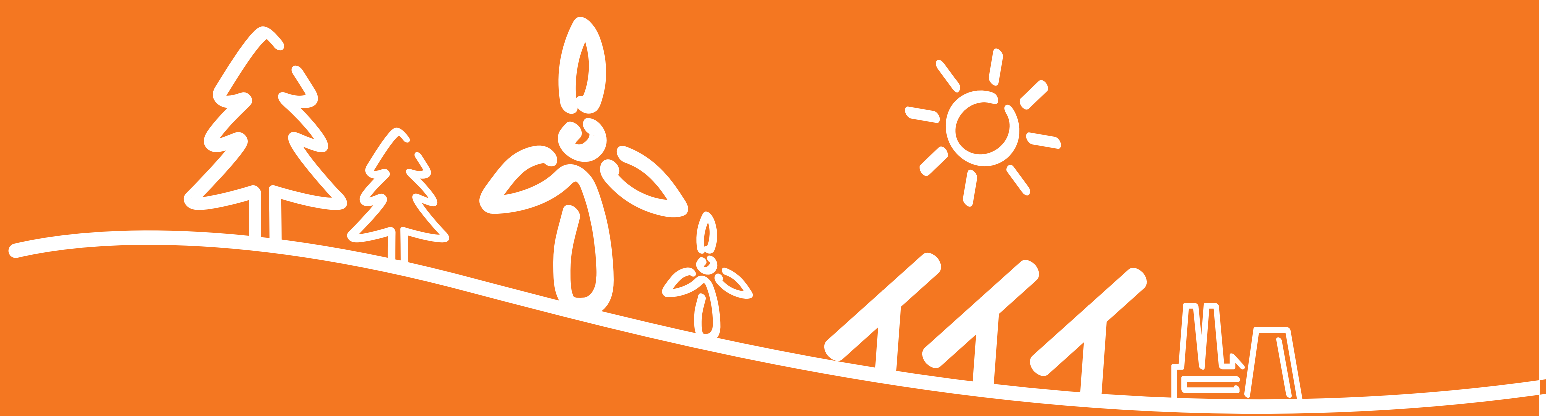
Leading the change

Contents

Introduction

When Bord na Móna was first established over 80 years ago its remit was to deliver a sustainable industry in Ireland by harnessing the country's indigenous and natural resources. Today we are on a journey of transformation as we work towards our goal to become the leading provider of sustainable solutions to Irish consumers. Our transformation will be driven by unlocking the true potential of our land and creating value for the societies and communities to which it belongs.

Bord na Móna is an integral part of the economic, social and environmental fabric of Ireland and Irish life. As a key employer in the Midlands, we are conscious that our obligations go beyond purely commercial and environmental - and we realise that we also have a social responsibility to our employees and the communities we serve. It is our role, therefore, and our absolute priority to ensure that our long-term strategy delivers on all of these important areas in a robust and balanced way.



Our Mission:

To lead the change to more sustainable resources; to responsibly power, heat, recover and grow for the benefit of our communities.

Our Values

Resourceful

Driven naturally by our curiosity for seeing the possibilities in everything around us and imagining the possibilities for the future - we believe in using our natural resourcefulness to deliver ever more efficient solutions.

Engaging

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

Respectful

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 to offer more sustainable solutions to all.

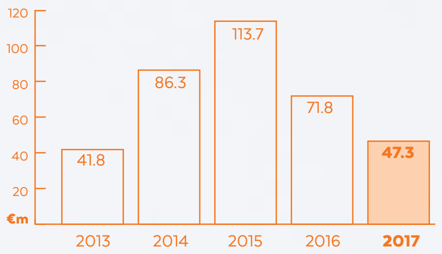
Sustainable Performance
Key Highlights

In FY 17 we delivered a resilient performance despite the challenges of the market.

We prioritised our investment strategy across infrastructure, manufacturing and people so we could create a solid platform for future growth and deliver a sustainable business which would achieve our 2030 vision.

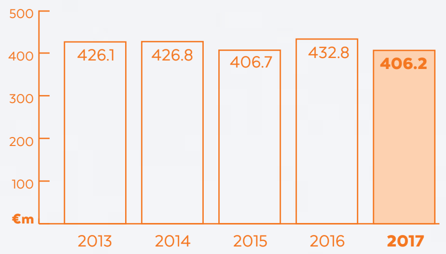
Investment

€47.3m



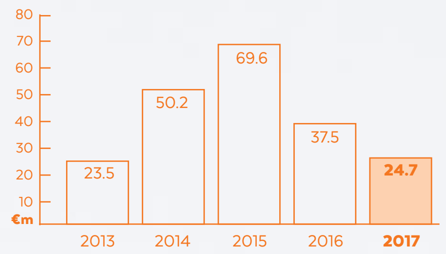
Turnover

€406.2m



Operating Profit

€24.7m



Announcement of a co-development agreement with ESB to develop solar power which will provide renewable energy to power the equivalent of

150,000 homes

Find out more on p38

Successful delivery of a

64MW

wind farm in Sliabh Bawn with Coillte.

Find out more on p38

First rebrand in 25 years

resulted in a strong reptrak score of 71.5.

Over 106,000

Record number of domestic customers delivered by AES.

Find out more on p40

AES investment in new trucks and new

8,000 sq ft

maintenance workshop in Portlaoise.

Find out more on p40

Supplier of the year

for 2016 achieved by Horticulture in its first year supplying Wyevale in the UK.

Find out more on p44

456,000 tonnes

of Biomass sourced for EPL. First 35,647 tonnes arrived by ship into Greenore from South Africa.

Find out more on p42

Received planning permission for Smokeless ovoid plant in Foynes.

Find out more on p48

€3.6m

Investment in the first 8 (of 50) new locomotives which came off the production line in Derrygreenagh.

Find out more on p46

Acquisition of

White Moss Horticulture

Find out more on p44

Our Business Model
Using our resources for the benefit of all

Bord na Móna believes that, in order to achieve sustainable success, we need to be acutely aware of the long-term interests of our shareholders, customers, employees and communities. Our unique business model sets clear priorities which allow us to actively manage a diverse portfolio to create shareholder value. This model supports economic development and helps to improve the quality of life of our Communities through our focus on renewable energy. Our many diverse businesses also enable us to generate a range of employment, investment, infrastructure and revenues for Government and different local communities.

Process Key

Source | Supply | Recover

Understand

Inputs

The resources and relationships we depend on to operate as a business:

People

- Knowledge
- Experience

Land

- Scale and location

Resources

- Wind
- Sun
- Peat
- Biomass
- Waste

Financial capital

- Profits re-invested
- External capital

Shareholder expectations

Communities

- Engagement and consultation

What we do

Understand
(Needs & opportunities)

Market

Customers

Consumers

External influences

- Political
- Environmental
- Social
- Technological

Community requirements

Regulatory requirements

Source

Indigenous sources

- Peat
- Wind
- Solar
- Biomass
- Waste

Imported sources

- Biomass (US and Africa)

Supply

Electricity

- Renewable
- Peat

Growing media

- Retail
- Professional

Solid fuel

Waste collection and processing

- Domestic
- Commercial

Biomass

Recover

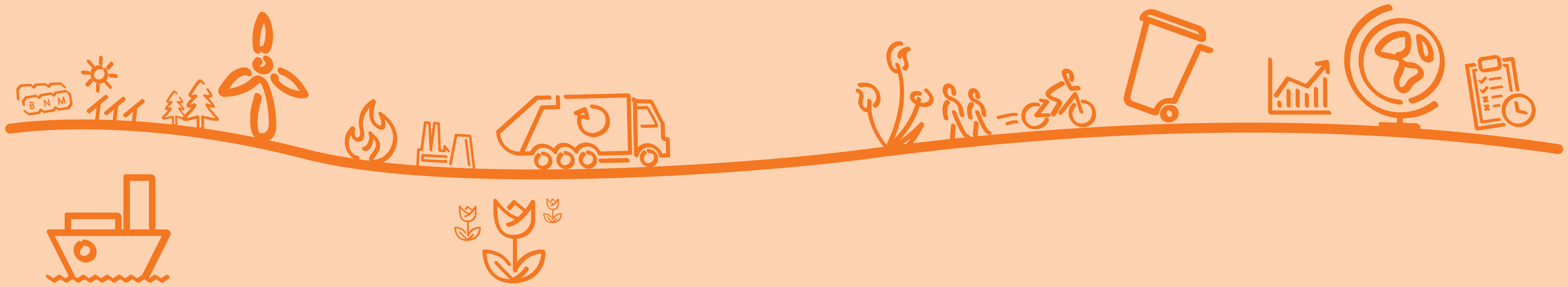
Land rehabilitation

Resource Recovery

- Paper
- Plastics
- Composting

Energy from waste

Green waste composting



Stakeholder benefits

Key stakeholders:

Shareholders
Employees
Communities
Customers
Suppliers
Investors
Consumers

Key benefits

- High quality sustainable employment centred in the Midlands
- Securing indigenous renewable energy to deliver government policy
- Guardianship of 200,000 acres of land
- Amenities
- Investment
- Infrastructure
- Social responsibility programmes
- Reputation
- Quality goods and services
- Innovation
- Cash
- Consistent rate of return
- Cleaner environment
- Attracting inward investment
- Shareholder dividends

Key Performance Indicators

We have set ourselves ambitious goals in Bord na Móna and we will face many challenges throughout our journey of transformation as we work together to achieve them.

Over the next decade, as we move increasingly to biomass, renewable fuels, renewable electricity generation and waste recovery we will meet a number of regulatory and market challenges along the way. But we are an agile and dynamic organisation and we will adapt and build on our unique strengths and our core assets of our people, land, brand and reputation.

KPI	Benchmark 2016	How we performed 2017	Future Goals 2018	2020	2025	2030
Investment	€71.8m Invested back into the business	€46.5m Invested back into the business	€1.2bn Estimated cumulative investment back into the business 2018 – 2030			
Renewable Energy Generation	114k homes powered by renewable energy	141k homes powered by renewable energy	157k homes powered by renewable energy	221k homes powered by renewable energy	385k homes powered by renewable energy	616k homes powered by renewable energy
Biomass	330k Energy Tonnes	456k Energy Tonnes	456k Energy Tonnes	1.2m Energy Tonnes	1.6m Energy Tonnes	2.7m Energy Tonnes
Carbon Intensity (Tonnes per MW hr)	0.54	0.48	0.41	0.33	0.16	0.04

Chairman's Statement

"The Company's focus for the past year has been on making strategic additions that will support and enhance our existing businesses."

Chairman's Statement

I am pleased to present the Annual Report of Bord na Móna for the fiscal year ended 29 March 2017.

The results for the year ending 29 March 2017 show a solid performance for the Company in the face of known challenges relating to the first full year of operation since the exit of the Edenderry Power station from Public Service Obligation support. Turnover was €406 million (down from €433 million in FY 16) and adjusted operating profit, before certain exceptional items detailed in the Chief Financial Officer's Report, was €38.3 million down €12.9 million from last year. As outlined in the Chief Executive Officer's report, we met all of our operational goals for the year.

The Company's focus for the past year has been on making strategic additions that will support and enhance our existing businesses. We acquired the Liverpool based company "White Moss" and a 50% interest in the Irish based "Electricity Exchange". We have also made progress on the establishment of a wood pellet plant in the USA. This is an integral part of our plan to ensure a continued high quality supply of biomass to our own Edenderry power station and the Lough Ree and West Offaly power stations, owned by ESB. Our plans to build a smokeless ovoid fuel plant in Foynes Co. Limerick have also progressed. This will enable us to protect our share of the home energy market in response to the Government's decision to ban bituminous coal. A partnership has also been agreed with ESB to develop solar power on our land. We also secured a revolving credit facility that will enable us to pursue these and other future investment opportunities.

One of the main preoccupations of the Board during the year was the struggle with the planning issues concerning the Edenderry power station. I am delighted to say that the Edenderry issue was brought to a successful conclusion during the year. With the appointment of Gerry McDonnell as Chief Operations Officer in March we have also completed a major restructure of the senior management of the Company.

But the past year was not without its challenges. Following a detailed assessment of peat briquette manufacturing operations, the Board reluctantly decided that it was in the long-term interest of the Company as a whole, to concentrate operations on one site, and that the Littleton factory should cease operation from April 2018. Detailed consultations and negotiations are taking place with the trade unions and employees to ameliorate the adverse consequences for employees at the location.

The Board has continued to focus on corporate governance, based on best practice, emerging regulation and trends. Significant progress was made towards the implementation of a comprehensive process for considering and reporting on the risks faced by the Group. The Board assesses all significant investments using rigorous methodologies to ensure we meet our responsibility to safeguard the Company's assets. Details of the Group's Risk Management process can be found on pages 63 to 65. I am 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.

Early in my working life I was peripherally involved in the British coal mining industry and subsequently witnessed its catastrophic collapse in the 1980s. I have attempted to do whatever I could in Bord na Móna, to ensure that a similar wind down does not occur in the peat industry here. The impact this would have on the communities in the Midlands cannot be understated, and as such, the transition of the business to more sustainable alternatives needs to be carefully balanced with sustainable employment in these communities. To that end I have encouraged the Board and management to plan ahead, not just for the immediate and short term, but also for the medium and long term future of the Company in order to secure a prominent role for Bord na Móna in our growing economy. As part of this long term planning approach, we announced in 2015 that the harvesting of peat for energy would cease completely by 2030. In the meantime we have put in place, with the co-operation of our trade unions, a transformation project that faces up to the hard decisions that must be taken for peat to remain competitive in the power stations in the new regulatory environment post 2019. It will be essential that the difficult measures inherent in that programme are implemented in full.

Bord na Móna has always accepted its corporate responsibility to work with communities, and as we move away from the traditional peat based businesses to the new businesses of Bord na Móna such as bioenergy, wind and solar, our responsibility towards these communities will remain unchanged. We will seek to replace the peat jobs with new sustainable jobs and will continue to support communities as technology opens new opportunities for Bord na Móna to make the most of our land and people resources.

My term as Chairman expires in September 2017 and I have indicated to the Minister that I do not wish to serve a second term. As this is therefore the last of my five Annual Reports I would like to take the opportunity to thank all my colleagues on the Board for their forbearance, support and, at times, indulgence of my vagaries. I have at all times striven to focus Board business on the bigger picture, and doing what's best for the Company for the long-term. In this I have had the support of my colleagues in ensuring that all Board business was conducted in accordance with the Code of Practice. Over the last five years it has been a privilege for me to work with a number of truly outstanding senior managers and I have learned a great deal from them. The single most important duty I had while in the Chair was to recruit a replacement for Gabriel D'Arcy, the managing director whose term expired in 2014. With the assistance of Board members Denise Cronin and Barry Walsh we were successful in recruiting Mike Quinn who brought a new approach to the management of the Company. Mike has been extremely effective in his short time with us. He has introduced a new management structure and a rigorous accountability regime that has been welcomed by our management team. Unfortunately, Mike has decided to take another position in the state sector but I am sure that the changes he has introduced will be well embedded before he finishes in October 2017. I wish Mike the best in his future career.

I must especially thank Gerry Ryan, who for most of my time was Company Secretary and a trusted guide on the bureaucratic and governance landscape through which a new Chair must navigate. I am particularly pleased that Anna-Marie Curry has been appointed to ably succeed him and I thank Anna-Marie for her support.

I must also thank the Minister for Communications, Climate Action and Environment, Denis Naughten TD, and Mark Griffin, Secretary General and other officers of the Department, for their interest and advice. Over the year the Company interacted on a regular basis on governance matters with the NewERA division of the National Treasury Management Agency (NTMA) and the Department of Public Expenditure and Reform. I wish to thank Eileen Fitzpatrick and her colleagues in NewERA and the various officials in the Department for their support during the year.

I believe that with the continued support of all stakeholders we can say of Bord na Móna "the best is yet to be".

John Horgan
Chairman

Bord na Móna has always accepted its corporate responsibility to work with communities.

Q&A with the Managing Director

> A solid platform for future growth

Managing Director, Mike Quinn, answers the key questions that have been put to him in FY17.

Q How did Bord na Móna perform this year?

We had a strong and solid year and performed much better than anticipated – given this was our first full year out of PSO. We had to face some significant challenges both internally and externally but we continued to innovate, to make a number of acquisitions and investments as we worked together to deliver on our mission to lead the change to provide more sustainable resources to Irish consumers.

Revenue dropped for the year to €406 million and operating profit was down to €38.3 million (before exceptional items), primarily due to exiting the PSO in Edenderry. Some of our businesses experienced a challenging year with external factors having a significant impact on their profitability, such as another mild winter impacting fuel sales.

However, on the more positive side, Powergen, Resource Recovery and Biomass experienced very strong and productive years. Our waste collection business, AES, hit record customer numbers and Biomass exceeded its tonnage target by 19%, supplying 456,000 energy tonnes.

Despite the many challenges throughout the year, we continued to invest across all areas of the business to ensure we created a unique, robust and solid platform for growth in the future. Investments took place in all business units and included rail refurbishments, workshop upgrades and the purchasing of 17 new trucks for Resource Recovery.

We made a number of significant acquisitions including the White Moss horticultural business in the UK, a 50% stake in Electricity Exchange and the Pacon skip hire business. We also entered into a number of partnerships such as a 500MW solar development program with ESB and the wind farm located in Sliabh Bawn with Coillte. All of these investments will put us in a much stronger position going forward and are a key part of our strategy to deliver on our 2030 vision.

This year also saw our continuous improvement programme really starting to gain traction across the business. This programme has allowed us to apply lean principles and value stream mapping to our processes and this has enabled strong focus on cost and value in everything we do, all of which contributed strongly to our overall result.

It's important to remember that we are on a significant journey of change to ensure the long-term viability of our organisation and there are going to be highs and lows along the way. It is my responsibility and duty to take the long-term view. That includes making some extremely tough decisions, such as the closure of the Littleton plant. This was a significant event in the last few months and one which has had an enormous and very personal impact on the people affected.

But our focus must also be on the long-term and on the bigger picture so we can provide long-term, sustainable and relevant employment. Our investment strategy, in Ireland and internationally, needs to have one sole objective – to support current and future jobs in the Midlands. That is our priority.

Q Were there any achievements that particularly stood out for you in FY 17?

We have delivered a great deal in the last year – across all areas of the business – but there have been four key achievements that have really stood out for me:

1 The acquisition of White Moss in the UK

This was strategically significant as it:

- acts as a natural hedge against the Brexit situation - because it means we can manufacture in sterling for sale in sterling
- simplifies logistics – as the economy recovers, it is becoming more difficult to get trucks/freight into the UK. This acquisition means we are able to ship bulk product, do the manufacturing in the UK and deliver finished goods across the different parts of the UK.

Following the acquisition of White Moss, we discovered regulatory compliance issues at the Company's Liverpool sites, which were not evident prior to completion of the transaction. This matter is subject to litigation with the former owners of the business. All new product is now fully compliant and we are in an agreed process with the Environment Authority to address historic non compliances. While we are still working on resolving the operational issues identified, I remain confident of ultimately achieving a positive outcome which will validate our strategic intent in acquiring the business.

2 The continuous improvement projects completed by Peat

Peat ran a number of very progressive projects throughout the year which have generated real savings for the company. The 5s workplace orgainisation methods implemented in the workshops are world class. They've taken them from a very dilapidated condition to state of the art.

3 The development of the business case for a biomass pellet plant in the US.

This last year has seen a lot of work by the Biomass business around the potential investment in a wood pellet manufacturing plant in Washington, Georgia, USA. The site has been chosen due to its experienced skilled labour force, the availability of raw material and the vast quantities of trees located there.

Unfortunately, there currently isn't sufficient biomass in Ireland to allow us to build a similar plant here but I am looking forward to this changing over the next number of years when private forestry comes on stream.

4 The acquisition of the Pacon skip business

The acquisition of Pacon Skip Hire assets and its integration into AES has been efficiently and seamlessly handled and managed by Resource Recovery. This acquisition will allow the business to grow significantly as it will be able to service additional commercial and domestic skip customers in new locations in North and South County Dublin, Louth and Meath.

> We are on a significant journey of change.

Q&A with the Managing Director

How would you assess the business's strengths today?

We have a number of strengths across the business but it's our people, their talent, their experience, their commitment and their hard work that make us the business we are today - and shape the business that we intend to be in the future.

We also have three unique and core strengths which give us genuine differentiation in a challenging market.

1. Our land bank: much of our business is ingrained in the land, from our renewable energy base, to our Resource Recovery faciltiies.

2. Our scale: we're a large company and we can bring that to bear on our supply chain both at home and overseas.

3. Our reputation: we are a brand that people trust and welcome into their communities and it is important that we continuously deliver on their needs, live up to their beliefs and exceed their expectations.

We're a much more resilient company today than we were a few years ago, and there is a renewed confidence across the business. We believe we will be the very best at what we do and we are committed to leading the change to a more sustainable future for the many different communities that we serve around Ireland.

Which areas of the business need more focus?

We need to continue reinforcing our brand in the hearts and minds of our many stakeholders - as well as managing and enhancing our reputation overall. We need to build on all the great work we did around this last year and continue to bring our values to life by being resourceful, engaging and respectful across all customer interactions and touchpoints.

The structuring of and reporting on corporate responsibility is another key area of focus and we have a number of corporate responsibility work streams in place which are starting to ramp up. It's very early days for us, but as a company we need to be more engaged in corporate responsibility practices. This ethos has always been core to Bord na Móna's activity since our inception and going forward we want to lead by example in how we approach corporate responsibility, the issues we address and the communities with which we engage.

How is Bord na Móna changing now and for the future?

Our vision is to enable a more sustainable Ireland by harnessing our natural resources. That is our one aspiration for the future. Our mission at Bord na Móna - and how we plan to achieve this ambitious vision - is to lead the change to more sustainable resources.

This means making a number of changes around how we approach the transition to green energy, how our core businesses become more sustainable and how we organise and engage with our workforce and local communities.

We announced in 2015 that we would cease to harvest peat for energy purposes by 2030 – which is still our goal and trajectory. Over the short and medium term we will be rolling out renewable energy on our land bank which will consist of solar farms, wind farms and battery storage. We want Bord na Móna, with its 200,000 acres of land, to lead the way in energy generation in this country - as we move away from fossil fuels to green energy.

On the social side, we envisage that more land will be rehabilitated and given back to communities for tourism and amenities. Consistent with the circular economy our Resource Recovery business is going further and further up the chain in terms of recycling. So, our journey to more sustainable businesses has not only begun but is well under way.

Our employees and our communities are also a crucial part of our successful transition. Our goal is to continue to employ at least the same number of employees we have today and to potentially grow this figure by 2030. There is no company without its workforce and we will continue to invest in employees and play an active role in our local communities.

We want Bord na Móna, with its 200,000 acres of land, to lead the way in energy generation in this country.

As an organisation, our mind-set is also changing. We want to be, not just no. 1 in every market in which we operate, but also be the best at what we do. This isn't just about profitability, it's also about how we engage inside our business and locally. Our priority is to make sure we're a good place to work and a good local partner.

How is FY 18 looking?

We have started the year on a very positive note with the announcement of our first venture into solar following our partnership with the ESB - bringing together the expertise of two leading commercial semi-state companies in renewable energy with significant projects that will support Ireland's energy transition.

This partnership will allow us to develop solar power in four locations in Roscommon, Offaly and Kildare, which will provide renewable energy to power the equivalent of 150,000 homes. It also means we can access part of Bord na Móna's land bank in strategic locations across the Midlands which are suitable for large scale solar energy projects.

We also welcomed the decision by An Bord Pleanála in May to grant planning permission for the proposed wind farm at Cloncreen, Co Offaly – which we envisage will generate enough electricity to power the equivalent of 30,000 Irish homes per annum for 25 years. An important part of the construction of this new wind farm will be to continue the process of engagement with the local communities, which we started in autumn 2015.

Looking ahead there are a number of anticipated developments which will have significant impact on how we evolve going forward.

These include:

i Launch of the Renewable Heat Incentive (due 2017) – which offers great opportunities for two of our divisions - Fuels and Biomass - the opportunity to become a major biomass supplier.

ii A new support program for renewable energy (due later in the year), which will have a big impact on our solar projects and our future wind projects.

iii The introduction of the smokeless coal ban in September 2018, for which our fuels business is preparing.

iv An opportunity to get more involved in new areas of recycling. There are a couple of interesting projects in the pipeline around recycling other forms of waste which would complement the Resource Recovery business and we are actively pursuing several acquisitions in this sector.

v The non-financial reporting directive is due this year and Bord na Móna is committed to being part of that and as such will have reporting requirements beyond pure financial, into social and environmental areas.

And what will the company's focus be over the next two to three years?

The next two to three years are all about delivering. It's about action, rolling up the sleeves and making our five-year plan happen.

In my first year at Bord na Móna I was involved in getting to know the business and putting an aspirational plan together so we could paint the picture of a future that was ambitious yet attainable. Last year we locked down what we believe to be the five-year plan that will get us closer to that future and take the company forward in the direction it needs to be in.

Now it's about carrying out these tasks and doing what we said we would do. This means that by 2020 we will have a successful and profitable company - with more robust and solid foundations - which will enable us to reinvest back into the divisions and deliver on our 2030 vision.

It's important for us to realise that whilst we have a social responsibility to the people in the company, we also have a commercial responsibility. We have to operate as a productive and profitable business which will allow us to innovate, reinvest in the businesses, in our people and drive growth. There has to be a balance between our social, commercial and environmental responsibilities if we are to have a sustainable and efficient business leading the change into the future.

If you look forward 5-10 years, what sort of Bord na Móna do you envisage?

The growth and success of two of our businesses, Powergen and Resource Recovery, will have a significant impact on the shape and scale of the Bord na Móna of the future.

Powergen has a major role to play for the State – purely because of our land bank. We will have a significantly larger wind portfolio, significantly larger / rolled out solar energy programme leveraging the partnership announced with ESB – and we will also be looking at other opportunities such as battery storage.

Resource Recovery will continue to grow, both as the economy grows and because of some core projects we have in the pipeline.

Fuels will be the leader in renewable heat in the domestic solid fuels market and Horticulture will enjoy continued growth primarily from exports.

Our two raw material supply businesses, Peat and Biomass will go through a period of change. Peat will be significantly smaller by 2030 as we continue on the journey to a green energy supply which has been our plan since we first communicated this in September 2015. On the flip side, there will be a significant ramp up in domestic biomass supply and our ambition - as the peat business winds down - is to replace those jobs with biomass supply chain jobs. This journey has already begun and the company is looking forward to working closely with the government on programs such as the willow scheme to accelerate the development of the domestic biomass supply chain.

Our focus on the long-term strategy will ensure the company has a successful and profitable future.

Your final comment

To summarise - FY 17 is the year in which we consolidated our five year plan. We had a few issues along the way. Brexit in particular caught us off-guard but we already had a plan in place for the UK. We are now back on track and looking to the future.

I am confident that the decisions we made – and continue to make - around investment and our focus on the long-term strategy will ensure the company has a successful and profitable future with a motivated, dynamic and engaged workforce.

Thank you to all of you who have contributed to this very challenging, competitive and highly productive year. You have all made this happen.

With my term as Managing Director coming to an end in October 2017, I also want to take this opportunity to thank my colleagues in Bord na Móna for their support during my time with the company. Over the last 2 and a half years I have asked a lot of everyone throughout the business - to move faster and go further in making the changes needed to transform the company and meet the challenge of providing a more sustainable future. I have been impressed with the response I've received and the commitment shown to move the business beyond survival, into a leadership position.

I believe that together, we have built a solid foundation for the future and I look forward to seeing all the hard work come to fruition, and the company delivering on our mission to lead the change to provide more sustainable solutions in Ireland. With everyone working together, Bord na Móna has a real opportunity to make lives better for our communities, and our country - the future lies in very capable hands.

Mike Quinn
Managing Director

Chief Financial Officer's Review

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

	FY17 €'M	FY16 €'M
Revenue	406.2	432.8
Operating profit as reported	24.7	37.6
Investment property gain	(2.0)	(7.5)
Pension plan gain	-	(10.7)
Restructuring costs	1.5	7.3
Exceptional costs/Impairments	14.1	24.5
Adjusted Operating profit	38.3	51.2
Depreciation/Amortisation	43.8	48.8
EBITDA adjusted for exceptional items	82.1	100.0
Total assets	636.8	725.6
Capital expenditure	42.7	71.8
Net debt	170.5	172.7
Shareholders' funds	231.6	221.4

Turnover decreased by 6% from €432.8 million to €406.2 million, a decrease of €26.6 million.

The key sales variances year on year were as follows:

- Waste treatment sales at the Drehid facilities increased by €1.2 million due to a change in the mix of inbound tonnage and increased electrical output on recovered gas;
- Waste collection sales increased by €1.4 million with an increase in domestic customer numbers and increased commercial tonnage;
- Reduced coal and briquette sales amounting to €13.1 million due to the mild winter, lower home heating oil prices and increased competition in the fuels market;
- Sales of peat to the Lough Ree Power and West Offaly Power stations decreased by €5.7 million in aggregate;
- Electrical sales of the Mountlucas and Bruckana windfarms decreased by €5.2 million due to lower wind yields – this has been the second lowest yield in the last ten years;
- Electrical sales by Edenderry power plant in FY17 decreased by €3.9 million due to a full year impact of the December 2015 exit of the plant from the PSO support mechanism; and
- Horticulture sales decreased by €1.3 million due to adverse sterling exchange rate;

Operating profit before exceptional items was €24.7 million in FY17 (FY16: €37.6 million). Operating profit adjusted for exceptional and once off items was €38.3 million in FY17 (FY16: €51.2 million). Exceptional and once off items in FY17 (€13.6 million charge in FY16) included:

- Exceptional costs of €3.4 million and an impairment charge of €10.7 million against the carrying value of the goodwill arising on the acquisition of White Moss Horticulture Limited. The exceptional costs and impairment charge related to regulatory non-compliance issues, at the Company's Liverpool facilities which resulted in: inventory write-offs, incremental professional fees and goodwill impairment;
- A fair value increase of €2.0 million on the Baggot Street investment property;
- Restructuring costs of €1.5 million in re-organising our coal processing operations;

The key items which impacted the underlying trading performance during the year compared to FY16 were:

- At Edenderry Power, decreased electrical capacity revenue and increased operating costs reduced Operating profit by €7.2 million;
- Lower wind yields at the Mountlucas and Bruckana windfarms decreased Operating profit by €3.7 million, reflecting the known volatility of wind output from year to year;
- Increased spend of €2.2 million on business development for future growth and process improvement in operational areas;
- The peat harvest of 3.1 million tonnes was 0.3 million tonnes lower as a result of prevailing weather in Summer 2016 adversely impacting Operating profit by €1.7 million;
- Decreased peat sales partly offset by lower peat transport costs decreased profits by €0.6 million;
- Lower gross margins on Horticultural sales, adversely impacted by a weaker sterling exchange rate, reduced Operating profits by €1.7m;
- Lower gross margin on lower sales of solid fuel products reduced Operating profit by €1.2 million;
- Increased tonnage, improved gross margins and lower administration expenses increased Operating profit by €0.4 million in the waste collection business;
- Reduced operational costs at the engineered landfill increased Operating profit by €0.6 million and;
- Lower depreciation and amortisation charges, on tangible and intangible assets, reflecting: reduced usage of void space at the Drehid landfill, lower carrying value for the co-fired Edenderry Power station and a lower peat depletion charge increased operating profit by €5.0 million.

EBITDA including exceptional and once off items was €79.3 million in FY17 (FY16: €111.0 million). EBITDA adjusted for exceptional items was €82.1 million in FY17 (FY16: €100.0 million).

Profit before tax was €12.2 million in FY17 (FY16: €22.2 million) reflecting all of the items previously outlined and a decrease in finance costs of €2.7 million following the repayment of €76.3 million debt during the year.

Profit for the year in FY17 was €5.2 million (FY16: €17.2 million) with a tax charge of €6.9 million (FY16: €5.8 million).

Total Assets at €636.8 million was €88.8 million lower than the prior year which reflected (i) a reduction in cash of €82.0 million - €76.3 million was utilised for debt repayments; (ii) lower carrying value in property, plant and equipment of €8.5 million due to excess of depreciation over additions; (iii) reduction in inventory levels of €4.8 million with lower coal and briquette inventories offset by other receivables and increase in investment property (assets held for resale).

Funds from Operating Activities

	FY17 €'M	FY16 €'M
Net cash flow from operating activities	82.1	97.3
Working capital & provisions	(18.7)	(6.7)
Capital expenditure and investments	(47.7)	(65.8)
Financing costs paid	(15.3)	(17.3)
Cash received on derivatives	15	4.7
Income tax received (paid)	0.6	(4.6)
Funds advanced on RCF facility	11.6	-
Dividend paid	(4.5)	(10.1)
Debt repayment	(76.3)	-
(Decrease) in net cash	(53.2)	(2.5)
Non cash movement	(0.1)	(0.1)
Decrease in net debt	(53.3)	(2.6)

The Group had a net cash outflow of €53.2 million in FY17 compared to €2.5 million in the prior year – largely due to the debt repayments of €76.3 million in FY17.

At year end, the Group had net debt of €170.5 million, a decrease of €2.2 million in the year.

The detailed cash flow statement is given on page 80 supported by Notes 19 and 23 to the Financial Statements.

Investment for the future

Capital Expenditure and Financial Investment for FY17 amounted to €47.3 million (FY16:€71.8 million). The capital investment programme undertaken during the year included expenditure on: production plant for peat harvesting, transport equipment for the transport of milled peat, construction of engineered landfill cells for waste treatment facility, the purchase of refuse collection vehicles, skips and bins, upgrades at solid fuels facilities, and the implementation of new automated systems based on a financial shared services model. Acquisition costs of €12.9m were paid in acquiring White Moss Horticulture Limited and Pacon skip hire businesses. An investment of €0.5 million was made in the 50/50 Joint Venture with ESB in respect of the Oweninny wind farm and an investment of €0.8m was made in acquiring a 50% interest in Electricity Exchange, a demand side management business.

Research and Development: During FY17 Bord na Móna spent €9.3 million on research and development including business development, exclusive of grants (FY16: €7.5 million). The Group are developing new opportunities in areas such as: renewable fuels, smokeless coal, wind and solar farms, a US biomass pellet manufacturing plant, new products and markets in the horticultural sector and process improvements in all areas. Fourteen people are directly employed in the Process Improvement/Innovation Centre with a further twenty five people in business development and innovation embedded in the operational businesses of the Group.

Capital Structure and Treasury Policy

The Treasury Policy for the Group is reviewed by the Board on an annual basis and is implemented and monitored by the Group Treasury function. The Policy aims to minimise overall Group funding costs and to maintain flexibility in volatile markets, 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. Exposures in relation to foreign investments are 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 derivatives are executed in compliance with the specification of the Minister for Finance issued pursuant to the 'Financial Transactions of Certain Companies and Other Bodies Act 1992'.

The Group's overall debt position is primarily fixed through swaps. Net borrowings in the current financial year reached a peak of €196 million in September 2016, compared with a peak in the previous year of €224 million. The peak borrowing occurred upon the the completion of the peat harvest. Finance costs at €16.4 million were €3.3 million lower than in the previous year due to debt repayment during the year. Finance income at €4.3 million was €0.5 million lower due to lower income on the cross currency swaps also due to debt repayment.

At year end, the Group had $188.0 million (€173.9 million) fixed rate debt raised on the U.S. private placement market. In order to hedge the associated U.S. 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. A sum of $45.0 million (€32.2 million) is repayable in August 2017.

The maturity profile of debt at the financial year end was as follows: 23% repayable in FY2018, 37% repayable in FY2019 and 40% repayable in FY2020.

Gearing was 60% at year-end compared to 61% at the start of the year reflecting the small reduction in borrowings.

Michael Barry
Chief Financial Officer

Our Sustainability Journey

Over 80 years ago Bord na Móna was established to deliver new industry to Ireland by drawing on and taking advantage of our natural indigenous resources. Bord na Móna has been on a journey which has been challenging, progressive, innovative and above all productive with a number of significant achievements along the way.

1934
Turf Development Board was established.

1940
Lullymore Briquette factory was reopened because of fuel shortages during the Emergency.

1946
Turf Development Board becomes Bord na Móna.

1950/1952
Portarlington & Allenwood stations opened.

1992
Bord na Móna built the first ever commercial wind farm in Ireland.

2005
Kilberry is the leading Green waste recycling facility in Ireland.

2006
Acquired Edenderry Power Limited.

2007
Acquired AES.

2008
The co-firing of biomass with peat commenced in 2008.

2009
Launch of first peat diluted Growing Media brand onto the Irish market.

2011
Bord na Móna launch their first 5 Year Biodiversity Action Plan.

2013
Opening of 5MW Landfill Gas Utilisation Plant at Drehid.

2014
Opening of Lough Boora Visitor Centre.

2014
Commercial operation of Bruckana Wind Farm.

2014
Commercial operation of Mountlucas Wind Farm.

2015
Launch of "Sustainability 2030" report.

2016
Launch of Biodiversity Action Plan.

2017
Acquired White Moss Horticulture.

2017
Successful delivery of 64MW Sliabh Bawn project.

2017
Planning granted for proposed Cloncreen Wind Farm.

2017
Planning submission of proposed Derryadd Wind Farm.

2017
Completed development project for American pellet plant.

2018
Development of solar project with first farm to be submitted into planning by early 2018.

2030

Strategy Review

Bord na Móna operates in a marketplace which is undergoing profound change, driven by increasing regulation and changing customer preferences. In some areas, change has resulted in new opportunities. In others, our activity will be reduced.

In this section we detail how we are responding to this changing world; from the external factors that impact our long-term strategy, to the internal actions that will secure the Company's 2030 vision.

A summary review for each of the business units illustrates the Group strategy in action.

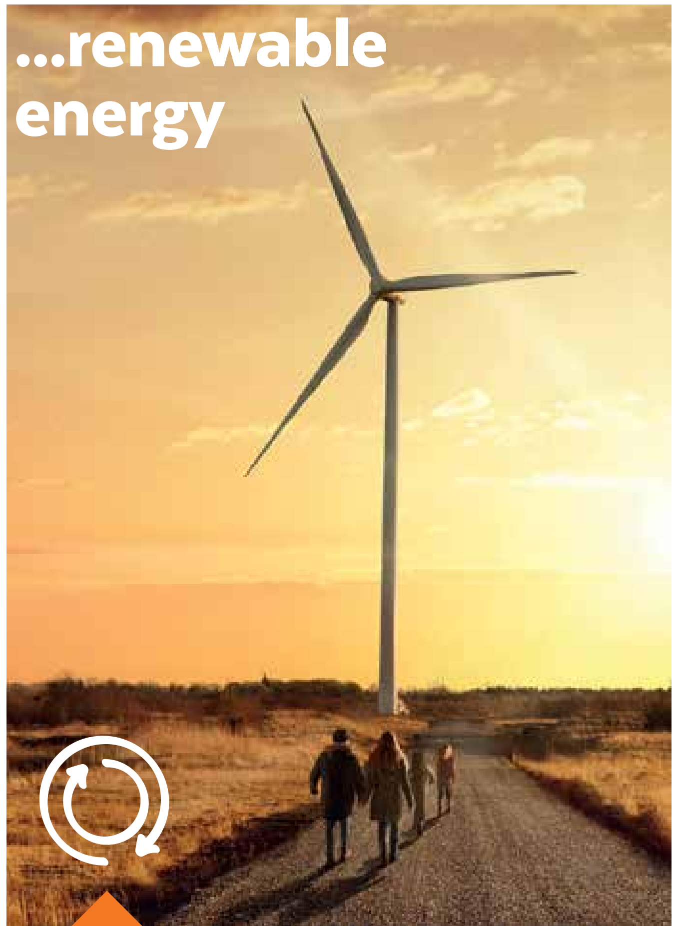
Our Strategic Imperatives

We have a very clear and overriding vision to lead the change to more sustainable resources and to be recognised as a leader in each of our business markets. Our three key strategic imperatives will help us achieve this vision as they leverage the many strengths that our diversified portfolio provides and create real value for our shareholders.

Strategic Imperatives

Leading the change in...

...renewable energy

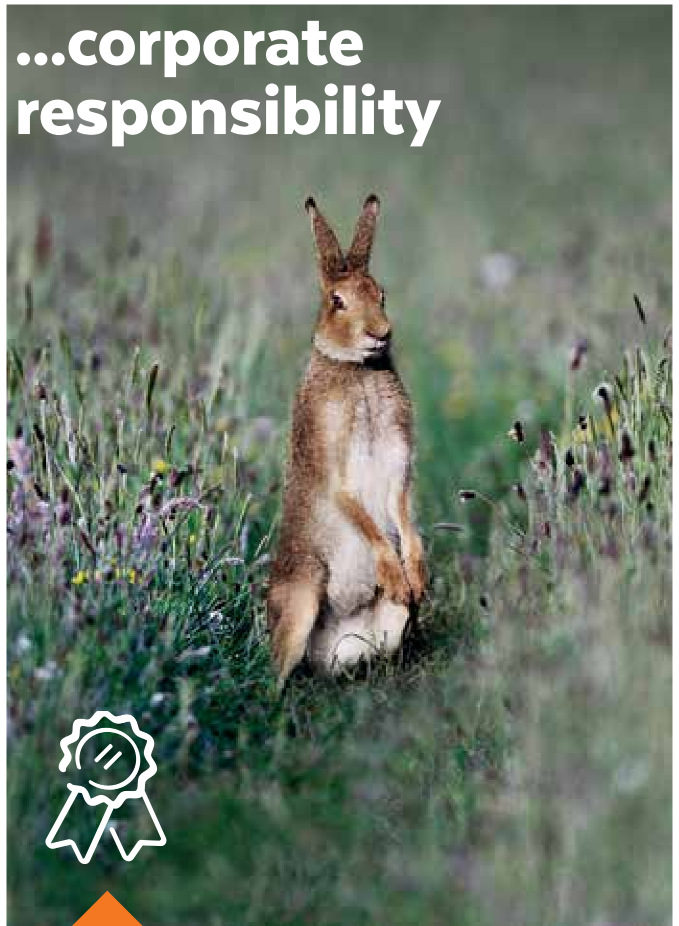


Ireland has to completely transform the way that we generate and consume energy for the future. We are investing in new forms of low carbon energy that are secure and sustainable.

Key initiatives

- Partnerships for large scale solar projects
- Pipeline for large scale windfarm development
- Biomass supply chain
- Biomass briquettes
- Smokeless ovoid plant.

...corporate responsibility



Bord na Móna has always played an active role in the guardianship of our lands and in the communities where we operate. This approach continues today as corporate responsibility is central to everything we do and a priority across all our businesses and locations.

Key initiatives

- Biodiversity action plan
- Materiality assessment and sustainability reporting
- Community engagement
- Employee health and well-being.

...delivering on our promise to stakeholders

We plan to be a leader in all our business markets so we can ensure a sustainable future for the company and all our stakeholders.

Key initiatives

- Sustainable employment
- Helping the government deliver on renewable energy targets
- Innovation Hub
- Helping to achieve government targets on waste recycling
- Creation of sustainable high quality products.

Responding to a changing world

Navigating uncertainty

External Context:

Impact of Brexit

Brexit will have an effect on the wider Irish economy and all Irish businesses exporting to the UK. The potential long-term weakness in sterling combined with restrictions on movement of goods and services and potential border controls and tariffs could have significant impacts on the Company.

Response:

Investment in acquisition of White Moss which will help to minimise Brexit effect and secure Irish jobs.

Responding to a changing world

Transforming energy

External Context:

Climate change and mitigation plan

Existing climate change targets will become more stringent over time.

Response:

Biomass: One of the largest logistics and supply infrastructural projects ever undertaken in Ireland.

Solar partnership with ESB.

Pipeline of large scale wind projects.

Responding to a changing world

Planning for the future

External Context:

Regulation and Planning

Sustainable infrastructural development requires a robust planning process. This should be carried out in a timely, cost efficient manner so that worthwhile development can take place and give certainty to key projects.

Response:

Bord na Móna engages in high levels of community consultation above and beyond what is required.

A strong foundation for growth

Internal Context:

Executing our plan

We have set out a challenging transformation plan for 2030.

Response:

Maintain engagement and commitment set out in Sustainability 2030 as we invest in infrastructure, quality employment, technology and people.

Responding to a changing world

Investing in tomorrow today

Internal Context:

Investment

Business transformation and sustained investment are fundamental elements of our 2030 plan as we work towards our goal to create a sustainable future.

Response:

- Biomass supply chain
- US pellet plant
- White Moss acquisition
- Wind farms and solar
- Derrinlough biomass briquette plant
- Foynes Ovoid plant.

Responding to a changing world

Adapting & evolving

Internal Context:

A culture of transformation

A positive culture of transformation will enable our people to play their part as Bord na Móna transitions.

Response:

- Identifying and retaining talent
- Development of existing talent
- Creation of quality employment.

Powergen

The Powergen business develops and operates a portfolio of thermal and renewable assets, generating 1.2 terawatt hours (TWh) of electricity which it sells to the wholesale market.

The business is a key driver of the Group strategy to transition to a sustainable future and, with almost 60% of electricity generated currently classed as carbon neutral, it plays a pivotal role in Bord na Móna becoming the leading generator of renewable energy on the island of Ireland.

Powergen's current operating portfolio includes the Edenderry co-fired power plant, the Cushaling peaking plant, the Drehid landfill gas facility and wind farms in Mountlucas, Bruckana, Sliabh Bawn and Bellacorick. We are also in the process of developing the 172 Megawatt (MW) Oweninny wind farm in Co. Mayo through a partnership with ESB. The company's growth in wind farms has been significant in the last year as we work together to reach our renewable portfolio target of 1 GW by 2030.

FY17 at a glance

Planning permission granted to continue operations at the Edenderry power plant untill 2023. (Edenderry's co-firing rate reached 42%, which is 20% year on year increase in renewable electricity generated).

Acquired a 50% share in Electricity Exchange DAC, which focuses on the development of smart technology and the provision of flexible support services to the national grid.

We successfully completed and commissioned the Sliabh Bawn wind farm, following the acquisition of a 50% stake, in conjunction with our JV partner Coillte. The Mountlucas and Bruckana wind farms also continued to operate successfully during their second full year in operation.

Successfully granted planning permission for construction of a 70MW wind farm at Cloncreen, Co. Offaly.

Outlook

Transition to ISEM
Work is well underway as preparations begin to transition the business into the Integrated Single Electricity Market (ISEM) - due to commence in May 2018.

Current market prices have improved, compared to last year, but it is expected that there will be some reduction in capacity payments on commencement of the ISEM.

Powergen's diverse generation fleet is achieving high availability levels and it hopes to benefit from enhanced Grid System Support revenues in the future - where intermittent wind generation is a large feature of the market.

The investment in Electricity Exchange DAC is particularly well positioned to benefit from this transition as the company is a leading provider of smart grid technology and services.

On-going public consultation
The business will continue to engage with local communities on major infrastructural energy projects through ongoing public consultation so it can address their concerns, as well as meet and manage their expectations. This form of engagement has proved to be a very positive step in ensuring a real and meaningful dialogue on major projects and one which, as responsible developers of energy infrastructure, it intends to continue.

Strengthening our portfolio
Developing Powergen's portfolio of renewable generating assets is a key strategy for the business. And, whilst the business will continue to invest in projects based on wind and biomass, there are plans to move ahead with the development of large scale solar projects on Bord na Móna lands as part of our recently announced partnership with ESB.

Employee insight.

Brian's role has given him the opportunity to get involved in key sustainability initiatives.

Following the completion of my electrical apprenticeship in Bord na Móna, I went straight into a technician role in Powergen.

I am part of a multi-disciplinary Powergen Operations technical team based at Edenderry with operations and maintenance responsibility for a range of thermal generating assets.

Over the last few years, I really feel I've gained in both knowledge and experience. My role has given me the opportunity to get involved in key sustainability initiatives such as the high voltage electrical optimisation work and gas filtration projects at the landfill gas generation facility in Drehid.

I was also very lucky to be part of the team responsible for overseeing the installation and commissioning of the biomass infrastructure facility - which enables Edenderry power station to operate as a hybrid plant in the electricity market.

Shortly I'm due to start a course aimed at achieving a 3rd level technical qualification with a view to supporting a potential pathway to an engineering career at Bord na Móna.

Brian Kearney
Technician

Resource Recovery

Bord na Móna Resource Recovery is an integrated waste management business providing collection services, recycling, composting and residual landfill disposal of all waste streams arising from both commercial and domestic sources. Waste collection services operate under the AES brand, providing domestic waste management throughout the Midlands, North East, South East and Mid-West regions to over 106,000 customers.

The growth and development of the Resource Recovery business is a key strategic imperative in Bord na Móna's ambition to develop as a sustainable Group into the future as we work towards our goal to become Ireland's leading Resource Recovery operator.

FY17 at a glance

Resource Recovery invested in a dry mixed recycling plant at AES Tullamore, Co. Offaly, this will improve the quality of the recyclables being generated and sent on for further processing.

The landfill gas utilisation plant at the Drehid waste management facility, which converts landfill gas into electricity, produced enough energy to power 8,500 homes while also reducing the facility's carbon footprint thus ensuring the safe capture and use of landfill gas.

The commencement of the rebrand process began this year. Further aligning with Bord na Móna branding, reputational strength and customer trust.

Significant investment in fleet improvement occurred, including the purchase of 17 new refuse collection vehicles which are equipped with new safety features, as well as a number of other enhancements aimed at providing a superior environmentally efficient performance and quieter operation.

AES introduced the new mini Epac compactor - in collaboration with Lodestone Engineering. This is a new transformative innovation in commercial waste management which is a complete breakaway from traditional methods of collection - and AES is the first company to bring this compactor to the Irish marketplace.

The acquisition, by AES, of the skip collection business of Pacon. This acquisition has allowed AES to grow its business by servicing additional commercial and domestic skip customers in Fingal, Dublin City, South County Dublin, Dun Laoghaire-Rathdown, Louth and Meath.

Outlook

The business aims to continually grow and consolidate in our existing markets, both organically and through targeted acquisitions.

Significant investments are being made in recovery technologies, reporting systems and consumer online interface platforms in order to continually improve our customer experience.

We are confident our continued focus on industry innovations, customer satisfaction and improvement will drive the operating performance of our business.

Employee insight.

Micheline has developed skills and responsibilities across both the domestic and commercial divisions.

I started with AES 15 years ago, working at the Portlaoise office and now I'm based at head office in Newbridge. Over this time, change has been the most prevalent theme of the business. I have seen great changes in my career, I've worked in different departments, was awarded a number of promotions and given opportunities to develop skills and responsibilities across both the domestic and commercial divisions. As a company we have changed. We've grown in size and operational functions, and the integration with Bord na Móna was a key turning point for us.

For me what I love about the job is its diversity, no two days are the same and every day presents a new learning opportunity. AES has an amazing workforce, who show dedication to customer service and a commitment to continuous improvement. This focus and strong sense of team is a driving force within the company and makes me proud to work for AES Bord na Móna.

Micheline Delaney
Administration and Invoicing Manager

Biomass

In FY17 Biomass successfully sourced 456K energy tonnes allowing for co-firing of Edenderry power station at a rate of 42%.

The future, post 2020, will see the biomass dilution rate increase to 50% which coupled with plans for a biomass briquette, will see significant volume increase year on year for Bord na Móna.

FY17 at a glance

The continued development of the indigenous biomass log business.

The successful importation of the first shipment of African Woodchip (35,647 tonnes) to Greenore port.

The development of the technical and economic feasibility of the U.S. pellet plant project.

Continued research into biomass growing trials to determine the potential of cutaway peatland for the production of energy crops.

Outlook

Our future requirement for biomass will be in excess of 1.5 million tonnes per annum. Work continues to develop sustainable imports and indigenous supply chains to meet this increasing demand, through:

- The development of an Irish supply chain including: sawmill residues, pulpwood logs and energy crops.
- Working with local growers to develop a willow growing industry with expectations to increase supply, pending a new energy crop incentive to be introduced by Government.
- Increasing supply of pulpwood logs – from both private and public owned forestry sector.
- Continued development of sustainable international sources of woodchip, with an emphasis on Africa.
- Continued work on the potential investment into wood pellet manufacturing in the United States. Development of such a supply chain will ensure future long term biomass supply at a cost effective level.

We believe that our strategy presents a unique and exciting growth opportunity for Bord na Móna to become the leader in the biomass sector in Ireland, while helping achieve Government policy in relation to renewable energy.

Employee insight.

Patrick believes in building strong supplier relationships.

Security of long term supply of sustainable biomass is critical to our transition away from our traditionally peat based energy and fuels businesses. I believe that building strong supplier relationships coupled with rigorous supply chain management will be key to delivering required volumes and ensuring that the Biomass team continue to make a significant financial contribution to Bord na Móna.

I enjoy the challenge associated with developing a sustainable, economically priced large scale biomass business.

Patrick Madigan
Head of Biomass

Horticulture

Bord na Móna's Horticulture business focused on the manufacturing, marketing and sale of quality growing media products to both hobby gardeners and professional growers in over 30 countries around the world.

The business is continuously driving innovation through our commitment to new product development which meets our customers' needs and expectations.

FY17 at a glance

Achieved a record market share of 34% in the UK Growing Media Retail market in March 2017.

Completed the acquisition of White Moss Horticulture in December 2016 that will significantly strengthen our position in the UK retail sector and mitigate the risk faced from Brexit.

Continued growth in the Growise brand across Ireland and the UK and introduced a new range of fertiliser products for 2017.

Strong performance across our professional business with new markets opened in United Arab Emirates and Asia.

Outlook

The Horticulture business has experienced growth over the last two years and is well positioned to accelerate further. The strategic acquisition of White Moss will support the continuous improvement in our retail supply chain and maintain our leadership position in Ireland and the UK markets. Our professional business, which is driven by our reputation for high quality Irish peat, is actively developing new market opportunities. We will continue to develop our business and markets with key strategic partners as a core part of our strategy.

Employee insight.

What I really like is the variety of projects I work on and helping people to grow better.

I believe innovation is driving growth. Thirty years on and I am still learning, and that is what I love about working at Bord na Móna. For the professional side of the business quality and consistency are very important in what you offer, attention to detail is everything and that is what we focus on. We do a lot of testing and analyses and both internal and external auditing. We achieved RHP Certification in 2014 and continue to hold this, the highest standard in our industry, for our professional peat substrate.

What I really like is the variety of projects I work on and helping people to grow better. When amateur growers have a problem they assume it is something they have done themselves.

On the other hand when professional growers have a problem they often assume it's the growing media that is at fault first! I meet growers from around the world, and innovation is the key to the future as growers get larger but fewer and more sophisticated, with increased technology and automation.

The other key area for the future is sustainability. I am currently involved in a project on transition to responsibly sourced growing media use within UK horticulture. This is an industry based initiative and is looking at devising a predictive model for transition to new growing media for professional growers.

Anna Kavanagh
Technical Manager

Peat

The Peat business supplies milled peat to Bord na Móna's Edenderry power plant and the two ESB power plants, Lough Ree Power and West Offaly Power. We also supply peat to the Horticulture business for the manufacture of growing media products for the professional and retail markets and to the Fuels business for the manufacture of peat briquettes.

FY17 at a glance

Edenderry power plant secured planning permission to December 2023 ensuring the continuation of peat supply to the plant.

Significant progress made on the implementation of the business transformation programme to ensure a viable peat business for Lough Ree and West Offaly, following expiry of the PSO support in 2019. Main achievements included the outsourcing of peat road haulage and supply chain efficiencies in rail transport of peat.

Commenced commercial discussions with the ESB on peat and biomass supply to West Offaly Power and Lough Ree Power to ensure a sustainable peat business and employment.

Significant capital investment in production and transport machine replacement including major upgrade of the locomotive fleet.

Agreement on investment of €3.6 million to refurbish rail infrastructure over a three year period.

Outlook

In line with Bord na Móna's sustainability policy we will continue to supply peat for energy generation until 2030.

The co-firing of the peat stations with biomass will ensure reduction of CO_2 emissions and will compare favourably with other stations on the system.

The business is fully committed to achieving the cost reductions as set out in the business transformation programme which will enable our power station customers compete on the open market without any financial support for peat.

The Peat business is intent on fully utilising our developed peat resource to sustain the business and employment up to 2030.

Employee insight.

Eileen is witnessing the biggest transformation ever in the business.

Loyal and committed employees are definitely an organisation's best asset. I firmly believe this. Having worked for over 33 years in Bord na Móna in four different business units I have seen this first hand.

Currently responsible for communication and change management, I am witnessing the biggest transformation ever in the business and again it is the employees led by a strong experienced leadership team - that will ensure success. To meet the significant business challenges ahead we are progressing fundamental culture change while retaining the positive culture of loyalty, commitment and endeavor.

What I enjoy most in this role is watching people who have worked in this business for many years and who have had very strongly held beliefs change because they know in the end it is for the survival of the organisation.

When we set about the Peat business transformation we realised very quickly that any plans to move the business forward must include all the employees and change will only be brought about through people. Communication is paramount to bringing about change and we have put in a lot of time and effort in getting the relevant information to our employees. Getting timely information to 1,200 employees can be quite challenging as they are dispersed in multiple locations across 11 counties. It has been rewarding seeing our participation rate and engagement score rising significantly in the last two employee engagement surveys. We have made significant inroads in to our cost reduction initiatives and this can only happen by communicating effectively with our employees.

We have lots of work to do and I am very lucky to be part of a team that will drive to ensure we have a sustainable business out to 2030.

Eileen McGuinness
Communication & Change Manager

Fuels

Bord na Móna Fuels is the market leader in the Irish residential solid fuel category. This is a sizable market with almost half of Irish homes purchasing solid fuel.

Our portfolio is comprised of a wide range of quality products, including the iconic peat briquette, bituminous and smokeless coal, wood and a wide range of convenient packaged products.

FY17 at a glance

The solid fuel market continued to be challenged by low home heating oil prices, carbon tax, mild weather and grey market trading which has adversely affected solid fuel sales volumes. The business continued its transformation plan further reducing its cost base.

The business made significant progress on its plans for the construction of a smokeless coal facility at Foynes with planning permission secured. Construction is due to commence in Autumn 2017 and the plant will be in production the following year.

Marketing campaign 'Warmer Moments' continued in FY17. The campaign strengthens our brand leadership position and research has shown that it is outperforming the market. We also launched the Hearth Sessions: a series of intimate gigs celebrating pubs with real fires throughout Ireland.

Outlook

The solid fuel market continues to face a significant challenge from a number of sources including legislation, increased regulation and competitive pressures. This has led to difficult decisions including cessation of operations in the Littleton briquette factory from April 2018.

The anticipated nationwide ban on bituminous coal will further challenge the market. Bord na Móna is fully supportive of appropriate regulation but stresses the need for enforcement measures to be consistently applied.

We continue to invest in the development of innovative renewable products to meet future market requirements. Significant progress has been made on the development of a new biomass briquette product. The project will now enter a design and planning phase.

Employee insight.

Jim enjoyed being part of a process that addressed and resolved various challenges.

I am a Chartered Mechanical Engineer and began working in Bord na Móna in 1978 starting as an apprentice in Derrinlough. I have held various roles within the company including design draftsman, technician, project engineer, project manager and my current role as design team leader.

I have spent the last three years leading a multi-disciplinary and cross-functional team in the development of a smokeless coal facility at Foynes in Co. Limerick. The team was tasked with establishing the design of the manufacturing facility including securing planning permission for the facility which was granted in July 2016 by An Bord Pleanála.

I have enjoyed working on this project with colleagues from Fuels Operations and Central Engineering Services, and being part of the process which addressed and resolved various challenges in the development of the planning application to ensure compliance with current legislation and engineering standards.

The team also worked closely with outside consultants and specialist suppliers who brought a number of new ideas to the project. With construction due to begin in 2017 we have put together a very robust solution that will result in a facility capable of producing a range of top quality products for consumers.

The expertise and know-how within Bord na Móna are second to none as we continue to build on our heritage of engineering excellence which has been part of the organisation since its foundation.

Jim Fitzgerald
Design Team Leader

Corporate Responsibility Strategy

At Bord na Móna, corporate responsibility is central to everything we do and a priority across all our businesses and locations, from the guardianship of our lands to our interactions with our employees and communities.

Our corporate responsibility is focused on four key objectives:

1. **Delivering our transformation responsibly**
2. **Delivering economic and social benefit to the communities we serve**
3. **Managing and mitigating the environmental impacts of our business and operations**
4. **Communicating our management of corporate responsibility openly**

Over the last 80 years at Bord na Móna we've been highly active in all areas of corporate responsibility and we've achieved a great deal.

Here are some highlights:

1,000 hectares
of bog leased to the national parks and wildlife services

Over 6,000
people attended events at Lough Boora over the year including the fairy festival and OurLand festival.

Bruckana Wind Farm now has the capacity to supply energy to the equivalent of
23,000 homes

Bellacorick Wind Farm can now generate up to
17 million
UNITS (MWhrs) of electricity each year.

20,000
students have taken part in the Eco Rangers schools programme.

30,531
hours of training across 102 courses completed.

€15,000
donated to Barretstown from the fairy festival.

AES Bord na Móna raised over
€78,000
for Our Lady's Children's Hospital, Crumlin and Temple Street Children's University Hospital.

Mountlucas Wind Farm displaces
125,000 tonnes
of greenhouse gases every year.

7km
of public walkway/cycleway at Mountlucas local amenity.

Our Drehid facility processes
25,000 tonnes
of biodegradable waste per year.

Combined funds of
€627,000
per annum to support local communities through the community gains fund.

Lough Boora Discovery Park listed in
Top 10
of the best sculpture parks in Europe.

Corporate Responsibility

1: Delivering our transformation responsibly

At Bord na Móna our absolute priority is to ensure we work with and engage with our workforce on all aspects of our business transformation - so they are informed, skilled and ready to adapt and play their part in the changes to come - in both the immediate and long term future.

Key objectives

Short term (1- 3 years)

Continue to deliver a comprehensive programme of training, retraining, up-skilling and talent development.

Longer term (5-10 years)

A major focus in 2018-2019 will be identifying and planning ways to do more in preparing our workforce for Bord na Móna post 2030. Bord na Móna recognises there will be change and will be working on efforts to ensure this transition is as supported a process as possible.

Identify and develop the “future-need” skills and competencies that will be driven by:

- Alternate commercial land-use
- Peat-land rehabilitation
- Biomass (growth, processing and logistics)
- Community projects (amenity, tourism and craft)

Ensure our values; Respectful, Resourceful and Engaging underpin the development and execution of our people roadmap eg:

- Develop effective relationships inside and outside Bord na Móna
- Make Bord na Móna a great place to work
- Drive welfare, health and safety to best-in-class
- Enable our people through education, training and experience

Achievements in FY17

Training and upskilling (short to medium term focus)

30,531 hours

of training across 102 courses completed including:

- Lean management: white belt, green belt and 5S (workplace organisation method)
- IT skills
- Project management
- Health and safety programmes
- Supervisory and management skills
- Communications and performance management
- Energy awareness (ISO50001)

Individual Development (medium to long-term focus)

41	people entered in-house development programmes, focused on driving internal talent development and promotion
16	people engaged in university-level education
16	graduates recruited into the graduate programme
8	apprentices recruited, stepping up our craft development programme

Key projects

Naturally Driven Awards

The Naturally Driven Awards were held in December 2016 to reward the commitment and dedication of our employees. The awards and ceremony recognise those employees - nominated by their colleagues over the previous six months - who have lived the core company values of Respectful, Resourceful and Engaging and brought them to life across the business.

Employee Engagement Survey

The Employee Engagement Survey is completed every year with most recent results gathered in January 2017.

- The participation rate this year was 74% which exceeded the previous survey’s participation rate by 8% and compares well to a stretch target of 75%. Much of this increase is due to the support of the management team who encouraged participation from all staff over an extended survey period
- Top two highest scoring categories were:
  - Discretionary effort by employees
  - Engagement with current activity
- Areas with most significant year on year improvement were:
  - Work environment
  - Past experiences and trust
  - Compensation and reward
  - Leadership and management

Employee Well-Being

This includes a full medical screening for over 90% of our employees and access to our employee assistance programme which offers a number of supports to employees including dental visits on site and access to educational support. This can also include funding for courses which employees can apply for from Masters courses to Diplomas depending on what their interest and work requirements are.

The future

- The commitment to training and development will continue targeting an increase in participation from all employees - supported by deployment of individual training-needs assessments.
- Programmes to address the workforce transition over a longer timeframe will be developed and moved to implementation.
- The company will build on the outcomes of the Engagement and Culture Surveys to enable the wider Bord na Móna team to connect with and progress the business transformation.

Corporate Responsibility

2: Delivering economic and social benefit to the communities we serve

Bord na Móna has always been highly aware of the economic and social benefit we can bring to the many local communities we operate in starting as early as the 1950s when we would build homes for our workers. This community spirit and support continues to this day in a number of different ways whether it's through our involvement with local GAA clubs, providing rooms to Men's Shed groups or the provision of a skip for a town tidy up.

At Bord na Móna it's important to us that we are at the very heart of community endeavours no matter how big or small and that the impact of our support is not only social but also provides a number of economic advantages which will sustain these communities for the future.

Key objectives

Regularly engage in and participate in local donation and fundraising activities

Ensure that our efforts generate both a short and long term impact

Commit to a continued presence in the Midlands where we currently employ over 2,200 of our workforce – a region which has experienced a lack of investment in the past

Focus on the economic benefits that our programmes and initiatives can bring e.g.

- Helping to improve the overall skills of a local workforce
- Sustained quality employment
- Financially supporting worthy causes in our communities
- Creation of financial stability; within the company and the local community
- Dividend payments returned to the shareholders

Eco Rangers

The Community Gains Fund

Key projects

AES Bord na Móna Charity Contribution

In 2016, AES Bord na Móna raised €78,000 through an online customer payment initiative with 1% of all online payments over €20 donated.

Monies raised were divided equally between Our Lady's Children's Hospital, Crumlin and Temple Street Children's University Hospital and helped fund the following:

- Urodynamics testing room for Temple Street Children's University Hospital - a vital room within the Renal Outpatients Unit with specialised bath and en-suite facilities for the exclusive use by patients with kidney problems.
- Upgrade of the Outpatients Department for Our Lady's Children's Hospital, Crumlin. Over 80,000 children visit the Outpatients Department each year and the facilities were not designed to sustain the kind of traffic that it now has to deal with on a daily basis.

Support for these hospitals will continue throughout 2017.

Eco Rangers

The Eco Rangers programme is an initiative to bring children back to nature and is aimed specifically at primary school classes. Pupils are encouraged to embark on Eco Safaris where they map out nature trails in their locality, look at the flora and fauna, take photos or draw pictures, document what they see and creatively connect with nature.

The programme supports the national school curriculum and can be used by schools in both urban and rural locations. Teachers are provided with all the tools they need to get out of the classroom in a planned and structured approach and are supported with teachers' packs, lesson plans and games.

Currently over 200 schools are involved and over 20,000 pupils have taken part to date. The Eco Rangers programme highlights our important role of guardians of the land.

AES Bord na Móna Charity Contribution

The Community Gains Fund

Bord na Móna set up two community gains schemes in 2014 thanks to the help and cooperation of the communities local to its Mountlucas and Bruckana Wind Farms.

A fund, based on the installed capacity of each wind farm, was established and applications are sought annually. The combined funds amount to €125,000 per annum.

Bord na Móna administers each scheme and an awards committee - drawn from business and representatives from the local community- decide every year which projects are granted financial support. To date funding has benefited schools, sports clubs, general amenity, social initiatives and a number of community facilities.

The Lough Boora Fairy Party

Bord na Móna and The Irish Fairy Door Company celebrated - for the fifth year running - the Lough Boora Fairy Party in Lough Boora Discovery Park. Last year marked the fourth year of our partnership with Barretstown children's charity who received all proceeds from the party, amounting to €15,000.

Corporate Responsibility
3: Managing the environmental impacts of our business and operations

Sustainability is a primary focus for Bord na Móna in all our business operations. When we plan commercial uses for our land, our role as custodians of this land takes a leading role.

When we look at future rehabilitation plans and land use management we review how this will not only enhance our business growth but how it will also affect greenhouse gas emissions.

Future development has to be sustainable without damaging the environment and we are constantly looking at ways to improve our businesses to ensure we minimise any environmental impacts

Key Objectives

In September 2015, 17 United Nations Global Goals for Sustainable Development (SDGs) were agreed – goals that focus on climate action, industry, innovation and infrastructure, sustainable cities and communities' work, and economic growth and life on land amongst others.

At Bord na Móna our CR efforts align with the delivery of these goals with a particular focus on five goals listed below:

7 Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all.

9 Industry, Innovation and Infrastructure

Build resilient infrastructure, promote sustainable industrialization and foster innovation.

12 Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

13 Climate Action

Take urgent action to combat climate change and its impacts.

15 Life on Land

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.

Key projects

Raised Bog Restoration Project

The main objective of the Raised Bog Restoration Project is to restore raised bog habitats at several locations throughout the country. Current restoration initiatives will support Ireland in meeting its biodiversity objectives including commitments under the EU Habitats Directive.

To date, over 1,000 ha of raised bog has been restored and Bord na Móna will continue re-wetting of other sites with a further 1,000 ha of bog identified for future work. This year also saw the completion of the raised bog restoration work at Clonboley bog and the construction of 8,200 peat dams.

We are fully committed to progressing our bog restoration programme across our landholding and we expect to significantly increase our restoration activity in the coming years as detailed in our Biodiversity Action Plan.

Turning waste into energy – enough to power 8,500 homes.

Irish Forum on Natural Capital

Bord na Móna is one of the founding members of the Natural Capital movement in Ireland, we sit on the steering committee of the Irish Forum on National Capital (IFNC) and ensure that our activity is in line with the IFNC vision and mission.

IFNC vision:
"for an Ireland in which natural capital and ecosystem goods and services are valued, protected and restored".

IFNC mission:
"through the collaboration and leadership of our diverse members, to help to value, protect and restore Ireland's natural capital and ecosystem services. We will do this by supporting the adoption of natural capital concepts in public policy and corporate strategy, promoting informed public and private sector decision-making and assisting in the establishment of a national natural capital accounting standard".

Our Biodiversity Action Plan 2016-2021 includes key actions against the Natural Capital objectives:

- Develop a Natural Capital accounting system for Bord na Móna – to be based on the protocol currently being developed by the Natural Capital Coalition
- Develop a map of the ecosystem goods and services of Bord na Móna lands
- Continue to work as part of the Irish Forum on Natural Capital steering committee

Turning waste into energy

The 'waste to energy' project is an expansion of Bord na Móna's portfolio of power generation assets and converts waste into energy at our state of the art engineered landfill site in Drehid, Co. Kildare. Methane gas is generated during the decomposition of waste within the landfill and is used as a fuel to generate electricity. Using landfill gas from the Drehid site, our power plant can produce 5.6 megawatts of renewable power – enough to power 8,500 homes.

Changes in waste processing methods across Bord na Móna means the nature of waste material that eventually reaches the landfill has altered considerably. Only pre-treated wastes are now permitted into the facility. Materials such as inert wastes, bulky wastes, waste with low calorific value and stabilised wastes are managed appropriately at the Drehid facility.

Biomass

Biomass is a reliable source of renewable energy and new technology means biomass can now meet many of the energy needs of Irish people. Biomass is Europe's no.1 source of renewable energy and a key part of the EU strategy to tackle climate change. A well-managed biomass sector supports and maintains large, growing, healthy forests

Bord na Móna is the No.1 user of biomass and supplier of biomass for heat and power in Ireland and is investing heavily in further developing our long term domestic biomass supply. Our biomass is mostly comprised of by-products from forestry management and is being used in a number of different ways to power and heat homes, communities and businesses.

We are developing a 100% sustainable biomass supply chain and continue to sustain and provide jobs in the growing Irish biomass sector.

Powergen

From December 2016 Edenderry power station operated as a Hybrid Plant and co-fired with approximately 42% biomass. This resulted in the station having net carbon emissions lower than a typical mid-merit generating unit on the Irish Grid – 744 kg CO_2/MWh. The company's growth in solar and wind farms has been significant in the last year as we work together to reach our renewable portfolio target of 1 GW by 2030.

Fuels

Bord na Móna continues to invest in the development of innovative renewable products to meet future market requirements. Significant progress has been made on the development of a new biomass briquette product. The Foynes ovoid plant, a smokeless coal facility, which secured planning permission in FY17.

Corporate Responsibility
4: Communicating our management of corporate responsibility openly

In a world where customers and consumers are becoming increasingly aware of a company's corporate responsibility credentials it is essential that we pro-actively and regularly talk about and communicate all the valuable work we are doing in this area. It's essential that we build awareness around all of the projects we're running and that we regularly engage with and involve our key stakeholders in the many corporate responsibility initiatives we conduct across the business.

Key Objectives

Ensure our marketing and communication strategy highlights a number of important messages to include:

- Our alignment with the United Nations Sustainable Development goals (SDGs)
- The important role we have already played in implementing these goals
- Our commitment to stop using peat for energy by 2030
- The rehabilitation of our land
- The support we lend to our communities

Key projects

Our advertising campaign

In 2016, we launched a new corporate brand campaign to change perceptions of Bord na Móna from a more old-fashioned Ireland to a dynamic, progressive company with a focus on securing the future of Ireland's energy - through innovation and sustainability.

We developed a powerful campaign platform, "Leading the Change," to reflect and represent the brand's progression towards more sustainable resources and produced a series of emotive and impactful creative executions - using our research findings as proof points.

Print & TV brand advertising campaign.

Public Engagement

The Mountlucas Centre

Officially opened in December 2016 the Centre is a unique and important attraction for local, national and international visitors and provides an experience for all visitors, schools and communities to enjoy the full extent of Mountlucas Windfarm.

The Centre where tours are offered by Bord na Móna advocacy staff includes a rainwater harvesting and reuse system, solar panels on the roof to provide hot water - with the Centre's own electricity supply sourced from an adjacent wind turbine. The Mountlucas Windfarm - which is a local amenity offering cycle paths, walkways and the cultivation of biodiversity offers tangible benefits to the local community.

'OurLand - the family festival powered by positive energy'

In August 2016, Bord na Móna launched the 'OurLand' family festival in Lough Boora Discovery Park - the company's first foray into the festival world and an important initiative designed to communicate our sustainability credentials.

'OurLand' featured four unique areas around each of the elements Positive Energy, Air, Earth and Fire with each of the zones featuring family entertainment, and a number of different and local food producers. The festival allowed us to reach out into the community in a very interactive, accessible and entertaining way and was very well received with people travelling from the Midlands and beyond to attend.

Biodiversity Action Plan Review

In February of 2017 the first review of the Bord na Móna's Biodiversity Action Plan 2016-2021 took place at Lullymore Heritage Park, Kildare highlighting the excellent progress made throughout 2016, and the ongoing commitment of the company to the current plan.

This review was a reminder of why Bord na Móna puts biodiversity front and centre and how it intends to build on the wealth of peatland management, rehabilitation, restoration and conservation which it has built up since the company was founded in 1946.

This review was another opportunity for Bord na Móna to reinforce its sustainability credentials and highlight our important work in this area to key stakeholders.

Biodiversity Action Plan

OurLand Festival

Materiality Assessment

In 2015 we launched our Sustainability 2030 Strategy, which sets out Bord na Móna's ambitions and plans to provide a sustainable future by realising the full potential of our land.

Sustainability 2030 is about building a future where Bord na Móna is a profitable company committed to protecting the environment and retaining its strong links with the community.

Our priority is to report back to our stakeholders on our progress in a relevant and timely manner, and in order to do this we are currently undertaking a materiality assessment, with the help of external experts. This will help us to identify the sustainability topics for reporting and will support the development of a long-term strategy. This will also allow us to fulfill our obligation under the provisions of the Non-Financial Reporting Directive 2014/95/EU.

Our Sustainability 2030 Strategy

Corporate Responsibility Strategy
Energy Efficiency

Overview of Bord na Móna Energy Usage in 2016

Of the energy consumption reported to SEAI for 2016, the main total primary energy consumed by category was electricity, road diesel and gas oil. This reflects the core functions of the activities that are required to be reported on annually – we have a significant road fleet between moving peat and collecting waste, we use gas oil in our harvesting of peat, and electricity is consumed across more than 160 locations.

In 2016, Bord na Móna reported as a public sector body the following energy usage data:

13,241 MWh
of electricity;

33,461 MWh
of road diesel;

19,017 MWh
of marked diesel (non-thermal).

Bord na Móna & Energy Efficiency Obligation Scheme (EEOS)

The Energy Efficiency Obligation Scheme (EEOS) places obligations on energy suppliers to achieve specific annual energy savings targets across the residential, commercial and energy poverty sectors. This obligation applies to Bord na Móna and is separate to the Public Sector Reporting requirement. The first phase of this mandatory obligation is for a three year window of 2014 to 2016 inclusive, with cumulative annual targets applying.

Bord na Móna was fully compliant with its obligations under the Energy Efficiency Obligation Scheme by successfully achieving more than the Scheme's threshold cumulative target for the full period of 2014 to 2016 complete in all 3 categories. We continue to work to remain on track to reach the Scheme's cumulative target for the next phase up until 2020.

Actions Undertaken in 2016

In 2016 Bord na Móna undertook a range of initiatives to improve our energy performance, including:

- All businesses driving towards the ISO 50001 energy efficiency standard – significant training and progress of working groups towards initial certification meetings.
- PowerGen improved the utilisation of the biomass handling facility to improve overall combustion and reduce carbon intensity of the Edenderry plant overall.
- Optimising existing fuel monitoring and measurement of our Resource Recovery fleet as well as embedding route optimisation in all our waste collection activities.
- Supatrak Eco-Drive Software installed across the majority of the Resource Recovery fleet.
- LED lighting installed in AES Lusk and AES Nenagh.
- Upgrade and replacement of external and internal lighting in Newbridge facility.
- Installation of occupancy sensors in Newbridge offices.
- At our Drehid Waste Management Facility, we completed the switch from the site grid electrical connection to the LFGU connection, using green power from the gas engines to power our facility.
- Our Resource Recovery business now also has a generation asset registered for Demand Side Management with Electricity Exchange.
- At our waste management facility, we took delivery of a Hybrid Dozer at the beginning of the year and are getting live data from it.
- The Harrow Speed project has been completed with the development of a Harrow spoon to suit the existing harrow alongside a new harrow that allows effective harrowing at 12km/hr reducing the number of harrows required for bog operations.
- Ballivor Level Crossing lights were upgraded to LED units and the solar charging units were also upgraded to ensure continued operation of the facility using renewable energy. This eliminates the need for manual charging of batteries during the winter period.
- CleanFix fans are now fitted as standard on all new excavators. This reduces energy consumption by modulating the blade pitch in relation to engine temperature therefore reducing the energy required to drive the fan when the engine is not under pressure. Auto reverse cleaning cycle also aids this as it cleans peat particles from the radiator core automatically.
- Oils and coolant usage were examined to identify high usage. Units of issue were also reduced to encourage savings. Preventative maintenance checks were put in place to deal with leaks especially on quick release couplings of tractors in particular.
- The locomotive upgrade project is resulting in overhaul of transmission and drive line components which will eliminate oil leaks on the overhauled fleet. The new drive arrangement and control system results in the loco being more efficient at full output which is where the loco does most of its work.
- Rail layer upgrades include ECO mode for idle travel that cuts engine RPM and increases oil flow to allow maximum speed to be achieved at lower engine revs reducing fuel consumption and increasing the life of the engine and transmission components. Auto Idle is also a feature which prevents a rail layer from being left running on high rpm if not being operated.
- Corri-pipe used in place of concrete pipe in suitable bog areas reduces transport energy consumption due to size and weight. They are also more robust and less prone to being broken due to unintended impacts. This also protects machines such as the ditcher from damage.

Actions Planned for 2017/2018

In 2017 and beyond, Bord na Móna intends to further improve our energy performance by undertaking the following initiatives:

- All businesses driving towards the ISO 50001 energy efficiency standard.
- Installation of 500 KW biomass boiler at our Newbridge facility which will replace existing oil boiler heating system. Together with new control mechanisms and pumps it is estimated that there will be an annual saving of approx. 60,000kwhs of energy and a reduction of CO2 emissions of 180 tonnes.
- LED lighting for remainder of Resource Recovery waste facilities.
- Upgrade of the Resource Recovery fleet with 17 new waste collection vehicles.
- Installation of a feed hopper to reduce the use of the terminator shredder in the Drehid Compost Facility.
- Removal of flipflop screen plant in Drehid compost facility.
- At our composting facility, reconfigure the feed system on the screening plant to reduce power consumption.
- Aggressively line intermediate cover areas of the landfill to reduce leachate generation and thereby reduce the associated power costs.
- Put Boora security lights onto a photoelectric sensor to switch on only during lighting up hours.
- Installation of new control systems, a high rate discharge AGM battery unit and an interactive solar regulator unit will further enhance solar panel installations at level crossing wigwag lighting units.
- As part of the Boora office upgrades the existing fluorescent tube light fittings will be replaced with LED ceiling panels reducing energy for lighting by 20% where installed.
- Installation of insulation above suspended ceilings in Boora offices and Newbridge offices to reduce heat losses.
- Upgrade of oil boiler to new smaller condensing burner units located locally to each building which will reduce heat transmission losses from pipes crossing the yards in Boora.
- Stock pile optimisation project will see the trial development of a pile bridging machine to consolidate stock piles in bog areas.

Governance Report

This section of the Annual Report contains information about the Directors.

It includes information on Risk Management and the Directors' and Independent Auditor's Report.

Risk Management

The Board has overall responsibility for risk management including determining the nature and extent of significant risks that 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, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within Bord na Móna.

The Risk and Audit Committee ("RAC") is responsible, under delegated authority, for assisting the Board in fulfilling its obligations with regard to assessing, reviewing and monitoring the risks inherent in the business and the control processes for managing such risks. The RAC is supported by an appointed Chief Risk Officer ("CRO").

The CRO 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. Bord na Móna has an established enterprise wide risk management system that ensures that risks are consistently identified, assessed, recorded and reported across all business units and support functions.

The risk management system provides appropriate governance structures to support risk management practices, formal assignment of risk responsibilities throughout Bord na Móna and the procedures to be used, including relevant mitigation actions and controls.

The risk management system includes the following key elements:

- A strategy that includes objectives and principles;
- Assignment of responsibilities;
- A framework and reporting cycle to identify, assess, manage, monitor and report on the risks that Bord na Móna is or may be exposed to;
- A combination of 'top down' and 'bottom up' risk assessment and management process.
  - As part of the "bottom up" risk assessment, regular workshops are held each year with business units and central support functions. Individual risks are assessed. Mitigating controls are identified and each risk is scored before and after these controls;
  - The top risks to the Group are presented to the Executive Leadership team who review, amend and rank them to identify the top Group residual risks. This review is an important part of the annual overall "top down" risk assessment carried out in the Group;
- A risk monitoring plan that outlines the review, challenge and oversight activities of the CRO;
- Reporting procedures which ensure that risk information is actively monitored, managed and appropriately communicated at all levels within Bord na Móna. On a quarterly basis each business and central support unit updates their risk assessments as part of the risk review and reporting process. These are then reviewed with the RAC on a semi-annual basis;
- Embedding a strong risk management culture across all levels of the Group; and,
- Developing risk appetite statements in conjunction with the strategic planning process. Then monitoring and reporting on these statements.

Risk Management

Bord na Móna operates its risk management cycle over a twelve month period which results in the Group identifying its top Residual risks. Residual risks are those risks remaining after controls have been implemented and monitored. The top ten residual risks as identified by management and approved by the Board are detailed below.

Risk Climate Key

↑ Increased Risk Climate | ↓ Decreased Risk Climate | ↔ Unchanged Risk Climate

	Risk & Impact	Risk Climate	Mitigating Actions
Compliance	**Brand** The risk of failing to protect the Company's corporate brand and reputation leading to damage to the Company's reputation with our customers, shareholders, investors, suppliers resulting in an inability to retain and grow revenue, profitability and a loss of public support for some of the Companys' activities.	↔	On an annual basis the Group invests in maintaining its business and corporate brand and reputation. It monitors its brand position through reputational tracking agencies. In the past year the Group brand has been re-launched with the logo "Bord na Móna - Naturally Driven" and this has won a number of media awards. The Group consistently supports local community events in its heartland and engages openly with the communities with which it interacts.
Financial	**Banking Facilities** The risk of the failure to provide adequate banking facilities to meet refinancing and business needs and the failure to manage interest rate and foreign exchange exposure. It is vital that sufficient funding is provided at an appropriate cost to finance the strategic plan, maintain liquidity to meet future commitments and to provide contingency against unplanned events.	↔	Group Treasury is responsible for the day to day treasury activities across the Group including the placing of specific derivatives. The Board has approved a Treasury policy which defines how Treasury activities are managed across the Group. The Group takes a risk averse position when deciding foreign exchange and interest rate policy. Certain natural economic hedges exist within the Group and the Group policy is to match and hedge the currencies across the businesses. In order to ensure stability of cash outflows and hence manage interest rate risk, the Group has a policy of maintaining at least 50 per cent of its debt at fixed rate. At March year end the Group had €150m of Revolving Credit facilities of which €11.6m was drawn. 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.
Operational	**Electricity Prices** The risk of low power prices in the single electricity market and the adverse impact that these prices can have on the Group's operating results.	↔	The Group operates a number of different electricity generating assets which utilise different fuels including peat, gas, biomass and wind. The Group has entered 15 year supply agreements for a number of these plants which guarantee the price of power generated for those assets. With other assets appropriate hedging arrangements are put in place around carbon and biomass pricing where possible. The Group has consistently tried to develop a diversified portfolio of generating assets in order to mitigate the risk associated with any one individual fuel.
	Weather The overall risk of the inherent uncertainty of various weather patterns on the operating and financial performance of the Group. In the Fuels business the impact of mild weather on sales volumes during the winter, in the Horticulture business the impact of wet springs on sales volumes, in the Powergen business the financial impact of low wind yields on the windfarms and the impact of wet summers affecting the level of peat harvested. The uncertainty of weather conditions presents a risk to profits generated by the Group.	↔	Developing a balanced portfolio of businesses has given the Group a "hedge" against any one adverse weather condition in a particular business. The Group has also developed contingency plans to protect profitability across the Group if a particularly adverse weather event occurs. It has worked with its employees and the unions to increase its seasonal workforce and to develop a more flexible workforce. The Group plans to increase further its seasonal workforce in order to increase operational flexibility.
	Planning Permission The risk of the Group not obtaining planning permission for a number of key projects which are included in the strategic plan. Also for planning permission for the ESB's Lough Ree and West Offaly power stations which expires in 2020. Over the past number of years it has become increasingly difficult to obtain planning permission for any infrastructural developments.	↑	The Group has an experienced management team that are capable of planning, executing and delivering large infrastructure projects and has demonstrated the capability of doing so. A proven process is in place to ensure that all the necessary documentation and information is submitted to the relevant authorities with each planning application. In addition the Group engages in extensive community consultation processes. Management are providing information and support to assist the ESB with preparation of the planning applications.

	Rick & Impact	Risk Climate	Mitigating Actions
Operational	**Health & Safety** The risk of the failure to comply with Health & Safety legislation and policies due to a lack of enforcement across the Group, management and employees not following the correct procedures, lack of training all leading to the injury/death of an employee or damage to property resulting in financial sanction, financial loss and reputational damage.	↔	Detailed Health & Safety procedures are in place across the Group and these systems are operated based on the nature and the scale of the risks in each business. The Health and Safety department carries out training of all staff and this is also augmented with external audits carried out by third parties. Insurance cover is maintained at Group level for all significant insurable risks and our insurer's conduct extensive audits. The Group's operations are subject to an increasingly stringent range of regulations and inspections and robust monitoring procedures have been designed to prevent a material breach of statutory or other regulatory obligations.
	Commodity Prices The Group is exposed to commodity price risks for some of its key purchases (in particular biomass) and also the risk of the unavailability of these commodities. Due to competitive pressures the Group's ability to pass on price increases may be limited. This can lead to reduced profitability to the overall Group.	↔	The Group where possible actively hedges commodity exposures but in some cases it is not possible or in certain instances is prohibitively expensive to put such hedging in place. As a result, the Group accepts, the inherent exposures associated with dealing in these commodities. Group procurement actively develops new supply chain sources and works with the businesses in developing long term sustainable sources.
Regulatory	**Regulatory** The risk of adverse regulatory changes and the adverse impact that these may have on the financial and business model of the Group. Failure to comply could result in enforcement actions, legal liabilities, damage to the Group's reputation and loss of shareholder support. Some of the important regulatory risks facing the Group are the possible impending ban on the sale of bituminous coal and the imposition of increased carbon taxes; the trend towards the increased dilution of peat with non-peat based materials in retail Horticulture products in the UK market; a new and currently uncertain EU regulatory framework for electricity from 2018 with the introduction of the Integrated Single Electricity Market (I-SEM) and a reduction in the annual capacity payments for power plants; the changing regulatory landscape which is driving increased biomass usage in the peat fired generating stations with consequential supply chain and cost implications; the increased regulations covering the extraction of peat and the expiration of the public service obligation on the two ESB peat fired stations.	↑	When developing its strategic plan the Group tries to ensure that plans to deal with the regulatory risks facing the businesses are implemented where possible. Through innovation and supply chain developments the Group continues to tackle regulatory change that is impacting on the operating performance of the businesses. Capital investment has been approved to address certain regulatory risks. In some cases the Group has to "take" the regulatory impact as it is not possible to mitigate the risk.
Strategic	**Business transformation** The Group currently has a number of significant business transformation change management projects underway in its businesses and at group centre. These projects are critical to driving down the cost base in the Group to position the Group to meet future business challenges and to assist in the strategic development of the Group. It is vitally important to achieve these objectives as failure to do so will result in too high a cost base.	↔	Strong project governance around the various projects across the Group has been put in place with clear timelines and deliverables. A strong project management team is in place to oversee the various projects. Engagement with the group of unions and employees has taken place and agreement has been achieved on critical cost reduction and change management initiatives. Clear communication plans have been rolled out across the company clearly explaining the need to change.
	Retaining & Attracting Staff The risk of the Group failing to retain, attract and develop the skills, talent and resources required to deliver its business plans, leading to a significant loss of knowledge, a gap in skills set required for delivering the Group strategy, all impacting on the attainment of strategic developments.	↔	The Group maintains a strong focus on this area and has structured succession planning programs in place along with management development programs. A graduate recruitment programme is also in place.

Directors' Report

The Directors present their annual report and the audited financial statements of Bord na Móna plc for the financial year ended 29 March 2017.

Principal activities, Business Review and Future Developments

The Group supplies electricity generated from peat, wind, oil and biomass at its generating stations and supplies peat as a fuel to other electricity generating stations. The Group develops and operates wind farms and renewable energy projects. It also manufactures peat briquettes and horticultural products, supplies waste management services and commercial laboratory services.

The Chairman's Statement on pages 10-13 and the Managing Director's Review on pages 14-17 contain the business review and a review of the development of the Group's business during the year, the state of affairs of the businesses at 29 March 2017, recent events and likely future developments.

Results for the year and dividends

	€'000
Profit for the financial year	5,094
Dividend paid	4,495
Profit retained for financial year	599

Details of the financial results of Bord na Móna plc for the financial year ended 29 March 2017 are given on pages 75 to 124. The Board declared and paid a dividend of 0.0689 cent per share (€4.5 million). This was paid in July 2016.

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Minister for Communications, Climate Action and Environment. 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 Directors are:

John Horgan, Chairman
Mike Quinn, Managing Director
Philip Casey
Denise Cronin
John Farrelly
Kevin Healy
Denis Leonard
Seamus Maguire
Paschal Maher
Gerard O'Donoghue
Elaine Treacy
Barry Walsh.

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". 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.

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, Five Year Plan, 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 the 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 advice and services of the Company Secretary who is responsible to the Board for ensuring compliance with Board procedures. 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 an 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 carried out an internal evaluation of its performance during the period.

The Board and Management maintain an ongoing dialogue with stakeholders on strategic issues. The Board considers that all Directors are independent in character and judgment. However, the Board notes that the Managing Director and four Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 have contracts of employment with Bord na Móna.

Companies Act 2014 (the "Act")

Audit Committee

In accordance with the provisions of section 167 of the Act, the Directors confirm that they have in place a Risk and Audit Committee which meets the requirements of section 167 of the Act.

Directors' Compliance statement

It is the policy of Bord na Móna plc to comply with the Company's relevant obligations, as defined in section 225 of the Act. Each of the Directors acknowledge that they are responsible for the Company's compliance with its "relevant obligations" and confirm as follows:

- a compliance policy statement has been drawn up setting out the Company's policies regarding compliance by the Company with its "relevant obligations";
- appropriate arrangements and structures designed to secure material compliance with the Company's "relevant obligations" have been put in place; and
- a review of the aforementioned arrangements and structures has been conducted during the financial year.

Relevant Audit information

In accordance with the provisions of section 330 of the Act each of the Directors confirms that,

- so far as the directors are aware, there is no relevant audit information of which the statutory auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Remuneration of Directors

Fees for Directors are determined by the Government and set out in writing by the Minister for Communications, Climate Action and Environment. Directors' remuneration is outlined in note 5 to the financial statements on page 90.

The total expenses paid to the Directors in FY17 was €21,368 (FY16: €22,398).

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 29 March 2017 were Denise Cronin (Chairman), John Farrelly and Barry Walsh. The Committee met seven times during the financial year. The Committee meets periodically with the internal auditor and the external auditor 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, risk management and other related matters. The internal auditor and external auditor 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, Human Capital Planning, Succession Management, Pensions and other HR matters. The members as at 29 March 2017 were John Horgan (Chairman), Elaine Treacy and Gerard O'Donoghue. The Managing Director, Mike Quinn, attends the Committee except when his own position is being discussed. The Committee met eight times during the financial year.

The Finance Committee considers the financial aspects of matters submitted to the Board, including the Annual Budget and Five Year Plan, and the procurement, disposal and leasing of land, buildings and facilities. The members as at 29 March 2017 were John Horgan (Chairman), Kevin Healy, Denis Leonard, Paschal Maher and Mike Quinn. The Committee met twice during the financial year.

The Health and Safety Committee advises the Board on Health and Safety matters within the Bord na Móna Group. The members as at 29 March 2017 were Gerard O'Donoghue (Chairman), Philip Casey, Seamus Maguire and Mike Quinn. The Committee met three times during the financial year.

Directors' Report

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 29 March 2017.

	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
J Horgan (Chairman)	14/14	10/10
M Quinn (Managing Director	13/14	5/5
P Casey	11/14	3/3
D Cronin	14/14	7/7
J Farrelly	13/14	7/7
K Healy	14/14	2/2
D Leonard	13/14	1/2
S Maguire	14/14	3/3
G O'Donoghue	13/14	11/11
E Treacy	12/14	8/8
B Walsh	14/14	6/7
P Maher	12/14	2/2

Internal Controls

The Directors have overall responsibility for the Group's systems of internal control and for reviewing its 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 design and operation of suitable internal control systems. The system of internal control is 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 reports 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 consolidated Group budget approved by the Board;
- a comprehensive planning process for each business and the central support services culminating in an annual consolidated Group long-term plan approved by the Board;
- a comprehensive financial reporting system with actual performance against budget, prior year, 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 function; 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 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 auditor;
- review of reports from the external auditor 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.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management including determining the nature and extent of significant risks that 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 continuous identification, assessment, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within Bord na Móna. Details of the principal risks facing the Group and the operation of the Risk Management System of Bord na Móna plc for FY17 are given on pages 64-65.

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).

Philip Casey, Kevin Healy, Seamus Maguire, Paschal Maher and the Secretary are participants in the Bord na Móna Employee Share Ownership Plan and at the start and end of the financial year 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 29 March 2017 or in the prior year.

Going Concern

The Directors, having made enquiries, believe that Bord na Móna 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.

Subsequent Events

There have been no events between the balance sheet date and the date on which the financial statements were approved.

Accounting Records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act, 2014, with regard to the obligation to keep adequate accounting records, by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records 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 Prompt Payments of Accounts Act, 1997, the European Communities (Late Payment in Commercial Transactions) Regulations, 2002 and the European Communities (Late Payment in Commercial Transactions) Regulations,2012 - 2016, (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 but not absolute assurance against material non–compliance with the Regulations. The Directors are satisfied that Bord na Móna Plc has complied in all material respects with the relevant requirements of the Regulations in relation to external supplier payments within the EU. In 2015 the Government launched the Prompt Payment Code of Conduct and Bord na Móna is a signatory to this code and undertakes to pay suppliers within agreed terms.

Principal Subsidiaries and Partnerships

Details of the Group's principal operating subsidiaries (including overseas branches) and partnerships are set out in note 25 of the financial statements.

Research and Development

The Group's strategy on research and development and the costs incurred during the year are set out in the Chief Financial Officers' review of this annual report.

Political Donations

The Board made no political donations during the year (FY16: €nil).

Independent Auditors

In accordance with Section 383(2) of the Companies Act, 2014, the auditor KPMG, Chartered Accountants, will continue in office.

On behalf of the Board:

Signed: **John Horgan** Chairman and Director **Mike Quinn** Managing Director

22nd of June 2017

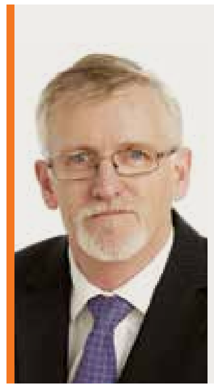
The Board and Company Secretary

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, MA in Industrial Relations from Warwick University and an MA in History from NUIG. 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.

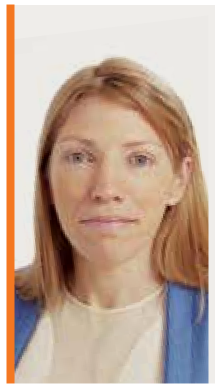
Mike Quinn
(Managing Director)

Mike Quinn was appointed as Managing Director with effect from January 2015. Prior to joining Bord na Móna, he was Group Vice President with Precision Castparts. He also held senior management positions in Tellabs, Stryker and Lufthansa Technik having previously worked in engineering roles with Amdahl Ireland and Apple Computers. He holds a degree in Physics and Electronics from Dublin City University and a post graduate qualification in Project Management from University of Limerick. He has also studied Advanced Leadership programmes at both Cranfield University and the University of Michigan.



Philip Casey

Philip Casey was appointed to the Board in January 2016 under the Worker Participation (State Enterprise) Act 1977 and 1988. He joined Bord na Móna in 1980 as a seasonal worker in Blackwater Works. He became permanent in December 1981. He is currently employed as a shift operative in WOP. He holds a HETAC certificate in Health and Safety and a HETAC certificate in Business Studies/ Trade union studies from the National Collage of Ireland.



Denise Cronin

Denise Cronin was appointed to the Board in September 2011 and reappointed in May 2016. She has worked in finance roles in a number of Irish and US companies across a range of industries. Denise is a Fellow of Chartered Accountants Ireland and holds a B.Comm (Hons) from University College Cork and a Diploma in Risk, Internal Audit and Compliance from Chartered Accountants Ireland. She also serves with a number of not for profit bodies.

Denis Leonard

Denis Leonard was appointed to the Board in June 2014. He is Principal of a further education college in Dunboyne as well as having served as a member of Westmeath County Council and the Longford-Westmeath Education Training Board. He has a degree in Arts and a Master's degree in Equality Studies from UCD, as well as a post-graduate degree in Guidance from NUI Maynooth. He has served on the boards of Greenpeace, VOICE, and a North South Children's Charity. He has extensive experience in the area of the environment, producing and presenting a radio programme in this area for five years. He has worked for many local and national community development, transport, environment and charity organisations and has served as Chairperson of the Westmeath Heritage Forum.

Seamus Maguire

Seamus Maguire was appointed to the Board in January 2015 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1974 as an apprentice fitter in Derrygreenagh workshop. On completion of his apprenticeship he transferred to Ballycon workshop and worked as an area fitter for a number of years. He returned to Derrygreenagh in 1988 and since 1990 he has been part of a PBR fabrication team. He has been a TEEU delegate on the Bord na Móna Group of Unions since 1998. He trained as a manual handling instructor in 2006 and supports the training instructors when the need arises. He is the Derrygreenagh safety representative and is currently a member of the Board Health & Safety Committee.

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 Ltd, Director of Bord na Móna Environmental Ltd and, latterly Head of Strategic Infrastructure. He holds a B.E. (Mechanical) from University College Dublin, is a Chartered Engineer and a Fellow of Engineers Ireland. He retired from the Board in May 2016.

Elaine Treacy

Elaine Treacy was appointed to the Board in July 2012. With 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 M&A. Her career spans PLC, public sector and start-up organisations. She currently leads UK Sales & Marketing operations for AMCS Group, a global leader in waste and recycling software and technology. Elaine holds a Masters of Business Studies (MBS) and a Bachelor of Commerce from National University of Ireland, Galway.

John V Farrelly

John V Farrelly was elected to the Dáil in 1981. John was appointed to the Board in June 2014. He is a Director of DNG Royal County Auctioneers and Estate Agents. He served as a Senator from 1993 to 1997 and was a member of Dáil Éireann from 1981 to 1992 and 1997 to 2002. He was a member of Meath County Council from 1975 to 2014 and served as Chairperson twice. John was Chairman and is currently a Director of Meath Tourism. He also served as Chairperson of the East Border Region. He is a graduate of Warrenstown Agricultural College.

Kevin Healy

Kevin Healy was appointed to the Board in January 2015 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1975 as an Assistant Surveyor at Boora Works in peat energy and has held positions in Record keeping, Maintenance Cost Control, Payroll and Stores. He was a founder member of the group which initiated Lough Boora Discovery Park and is involved in its development and in local community organisations. He has served as a Shop Steward, Branch Secretary and Section Committee member for SIPTU.

Paschal Maher

Paschal Maher was appointed to the board in May 2016 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He previously served as a Director in 2014. He joined Bord na Móna in 1980 as a seasonal worker in peat production and was appointed as a full time machine driver in 1983. In 1986 he moved to Transport Operations and was appointed as a Team Leader in 1990 a position he currently holds. He has been assigned to the Blackwater Works throughout his career.

Gerard O'Donoghue

Gerard O'Donoghue was appointed to the Board in October 2012. He is a practicing 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.

Barry Walsh

Barry Walsh was appointed to the Board in October 2012. He is an accountant by profession and worked for most of his career in senior financial positions in the Irish Life Group. From 2012 up to his retirement in 2014 he was Company Secretary of the Irish Life Group and is currently Chairman of the Irish Life Staff Pension Scheme. Prior to joining Irish Life he was an Inspector of Taxes with the Revenue Commissioners.

Anna Marie Curry – Company Secretary

Anna-Marie was appointed to the role of Company Secretary on 1 April 2017. A practicing solicitor, Anna-Marie had been the Head of the Legal Department in Bord na Móna since 2007. Prior to joining Bord na Móna Anna-Marie trained and practiced as a corporate solicitor with Arthur Cox in Dublin. Anna-Marie holds a B.A and LL.B. from National University of Ireland, Galway and a Masters of Law (LL.M.) from the University of Edinburgh.

Statement of Directors' Responsibilities

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law, and the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group 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;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act, 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company 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 Act, 2014.

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

On behalf of the board

John Horgan
Chairman and Director

Mike Quinn
Managing Director

22 June 2017

Independent Auditor's Report

We have audited the Group and Company financial statements (''financial statements'') of Bord na Móna plc for the year ended 29 March 2017 which comprise the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, in respect of the Company financial statements, Irish law and FRS 101 Reduced Disclosure Framework. Our audit was conducted in accordance with International Standards on Auditing (ISAs))UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 29 March 2017 and of its profit for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 29 March 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act, 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act, 2014 are set out below

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

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

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

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act, 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

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 pages 68-69, 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.

Independent Auditor's Report

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act, 2014. 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 Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act, 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Gallagher
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm

1 Stokes Place
St. Stephen's Green
Dublin 2

22 June 2017

Consolidated Financial Statements

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining Bord na Móna's Group results for the year.

Consolidated Income Statement

for the year ended 29 March 2017

	Note	29 March 2017 Before Exceptional Items €'000	29 March 2017 Exceptional Items (note 7) €'000	29 March 2017 Total €'000	30 March 2016 €'000
Continuing Operations					
Revenue	3	406,228	-	406,228	432,820
Cost of sales		(266,104)	(1,432)	(267,536)	(295,851)
Gross profit/(loss)		**140,124**	**(1,432)**	**138,692**	**136,969**
Other income	7	4,528	-	4,528	8,044
Distribution expenses		(37,219)	-	(37,219)	(32,387)
Administrative expenses		(67,057)	(1,976)	(69,033)	(54,027)
Impairment of property, plant and equipment	7 & 10	-	-	-	(23,643)
Impairment of intangible assets and goodwill	7 & 12	-	(10,718)	(10,718)	(847)
Restructuring costs	7 & 18	-	(1,505)	(1,505)	(7,259)
Pension past service curtailment gain	7 & 26	-	-	-	10,700
Operating profit/(loss)		**40,376**	**(15,631)**	**24,745**	**37,550**
Finance income	8	4,251	-	4,251	4,761
Finance costs	8	(16,408)	-	(16,408)	(19,652)
Net finance costs		**(12,157)**	**-**	**(12,157)**	**(14,891)**
Share of loss of joint ventures	14	(424)	-	(424)	(442)
Profit/(loss) before tax		**27,795**	**(15,631)**	**12,164**	**22,217**
Income tax expense	9	(7,115)	188	(6,927)	(5,828)
Profit/(loss) from continuing operations		**20,680**	**(15,443)**	**5,237**	**16,389**
Discontinued operations					
Gain from discontinued operations, net of tax	29	-	-	-	893
Profit/(loss) for the year		**20,680**	**(15,443)**	**5,237**	**17,282**
Profit attributable to:					
Owners of the company		20,537	(15,443)	5,094	17,228
Non-controlling interests		143	-	143	54
		20,680	(15,443)	5,237	17,282

The accompanying notes are an integral part of these financial statement

Consolidated Statement of Total Comprehensive Income

as at 29 March 2017

	Note	29 March 2017 €'000	30 March 2016 €'000
Profit for the year		5,237	17,282
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit pension liability	26	10,950	11,438
Related tax on remeasurements of defined benefit pension liability	9	(1,369)	(1,372)
		9,581	10,066
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation		45	128
Cash flow hedges-effective portion of changes in fair value		13,665	(6,442)
Related tax on changes in fair value of hedges		(1,708)	805
Cash flow hedges - reclassified to profit or loss (cash payments)		(4,077)	(4,690)
Related tax on cash flow hedges reclassified to profit or loss (cash payments)		509	586
Cash flow hedges- reclassified to profit or loss (foreign exchange)		(10,110)	7,806
Related tax on cash flow hedges reclassified to profit or loss (foreign exchange)		1,264	(976)
Share of joint venture other comprehensive income		471	(2,056)
		59	(4,839)
Other comprehensive income net of tax		**9,640**	**5,227**
Total comprehensive income for the year		**14,877**	**22,509**
Total comprehensive income attributable to:			
Owners of the company		14,734	22,455
Non-controlling Interests		143	54
		14,877	22,509

The accompanying notes are an integral part of these financial statements

Consolidated Balance Sheet

as at 29 March 2017

	Note	29 March 2017 €'000	30 March 2016 €'000
Assets			
Non current assets			
Property, plant and equipment	10	292,380	300,868
Goodwill and intangible assets	12	40,580	41,694
Investment properties	11	–	34,000
Derivative financial instruments	28	35,933	37,749
Joint venture	14	26,451	25,069
Retirement benefit asset	26	7,933	4,540
Total non-current assets		**403,277**	**443,920**
Current assets			
Inventories	13	99,611	104,347
Trade and other receivables	15	79,875	77,149
Assets held for sale	11	37,968	1,968
Cash and cash equivalents	23	16,116	98,174
Total current assets		**233,570**	**281,638**
Total assets		**636,847**	**725,558**
Equity			
Equity attributable to owners of the company			
Share capital	20	82,804	82,804
Share premium	20	1,959	1,959
Cash flow hedge reserve		(224)	233
Other reserves		(1,585)	(2,056)
Foreign currency translation reserve		769	724
Retained earnings		147,908	137,728
Equity attributable to owners of the company		**231,631**	**221,392**
Non-controlling interests		(465)	(608)
Total equity		**231,166**	**220,784**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	26	24,322	38,758
Loans and borrowings	19	144,328	166,019
Capital grant	17	10,071	12,103
Provisions	18	53,492	48,734
Deferred tax liabilities	9	15,271	11,081
Total non-current liabilities		247,484	276,695
Current liabilities			
Loans and borrowings	19	42,095	75,862
Bank overdraft	19	200	29,006
Provisions	18	21,020	18,721
Trade and other payables	16	94,882	104,490
Total current liabilities		**158,197**	**228,079**
Total liabilities		**405,681**	**504,774**
Total equity and liabilities		**636,847**	**725,558**

The accompanying notes are an integral part of these financial statements.

On behalf of the board

John Horgan
Chairman
22 June 2017

Mike Quinn
Managing Director
22 June 2017

Consolidated Statement of Changes in Equity

for the year ended 29 March 2017

	Attributable to equity holders of the company								
	Share Capital €'000	Share Premium €'000	Cashflow hedge reserve €'000	Other Reserves €'000	Foreign currency translation reserve €'000	Retained Earnings €'000	Total €'000	Non-Controlling interests €'000	Total €'000
At 25 March 2015	82,804	1,959	3,144	–	596	120,575			
Total comprehensive income							–	–	–
Profit for the year	–	–	–	–	–	17,228	17,228	54	17,282
Other comprehensive income									
Remeasurements of defined benefit liability	–	–	–	–	–	10,066	10,066	–	10,066
Foreign operations - foreign currency translation difference	–	–	–	–	128	–	128	–	128
Cash flow hedge - effective portion of changes in fair value	–	–	(5,637)	–	–	–	(5,637)	–	(5,637)
Cash flow hedge - reclassified to profit or loss(cash payments)	–	–	(4,104)	–	–	–	(4,104)	–	(4,104)
Cash flow hedge - reclassified to profit or loss (foreign exchange)	–	–	6,830	–	–	–	6,830	–	6,830
Share of joint venture other comprehensive income	–	–	–	(2,056)	–	–	(2,056)	–	(2,056)
Transactions with owners of the company									
Dividends	–	–	–	–	–	(10,141)	(10,141)	–	(10,141)
At 30 March 2016	82,804	1,959	233	(2,056)	724	137,728	221,392	(608)	220,784
Total comprehensive Income									
Profit for the year	–	–	–	–	–	5,094	5,094	143	5,237
Other comprehensive income					–	–	–	–	–
Remeasurements of defined benefit liability	–	–	–	–	–	9,581	9,581	–	9,581
Foreign operations - foreign currency translation difference	–	–	–	–	45	–	45	–	45
Cash flow hedge - effective portion of changes in fair value	–	–	11,957	–	–	–	11,957	–	11,957
Cash flow hedge - reclassified to profit or loss(cash payments)	–	–	(3,568)	–	–	–	(3,568)	–	(3,568)
Cash flow hedge - reclassified to profit or loss (foreign exchange)	–	–	(8,846)	–	–	–	(8,846)	–	(8,846)
Share of Joint venture other comprehensive income	–	–	–	471	–	–	471	–	471
Transactions with owners of the company									
Dividends	–	–	–	–	–	(4,495)	(4,495)	–	(4,495)
At 29 March 2017	82,804	1,959	(224)	(1,585)	769	147,908	231,631	(465)	231,166

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	29 March 2017 €'000	30 March 2016 €'000
Cash flows from operating activities			
Profit for the financial year		5,237	17,282
Adjustment for:			
Depreciation of property, plant and equipment	10	41,274	46,246
Amortisation of intangible assets	12	4,684	4,346
Fair value movement on investment properties	11	(2,000)	(7,489)
Profit on sale of property, plant equipment	10	(204)	(357)
Capital grants amortisation	17	(2,151)	(1,747)
Impairment of tangible and intangible assets	10 & 12	10,718	24,490
Gain on pension restructuring	26	–	(10,700)
Emission allowances surrendered		5,031	4,115
Share of loss of joint venture	14	424	442
Net finance costs	8	12,157	14,891
Tax expense	9	6,927	5,828
Operating cash flows before changes in working capital and provisions		**82,097**	**97,347**
Changes in:			
Trade and other payables		(12,045)	(8,270)
Trade and other receivables		(3,677)	9,647
Inventories		6,081	(2,866)
Provisions		(1,716)	6,625
Increase in cash contributions over pension charge		(7,307)	(11,816)
		(18,664)	**(6,680)**
Interest paid		(15,324)	(17,257)
Tax received/(paid)		627	(4,583)
Cash generated from operating activities		**48,736**	**68,827**
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	10	554	1,661
Intangible asset purchase	12	(8,701)	(16,441)
Capital grant received	17	95	4,389
Purchase of property, plant and equipment	10	(25,689)	(29,604)
Capital expenditure on investment properties	11	–	(1,906)
Acquisition of subsidiary undertaking (net of cash assumed)	22	(12,854)	-
Investment in joint venture	14	(1,335)	(24,008)
Interest received		174	71
Net cash used in investing activities		**(47,756)**	**(65,838)**
Cash flows from financing activities			
Repayment of unsecured loan notes		(76,274)	–
Funds raised on Revolving Credit Facility		11,576	–
Cash receipts on derivatives	8	14,961	4,690
Dividends paid		(4,495)	(10,141)
Net cash used in financing activities		**(54,232)**	**(5,451)**
Net decrease in cash and cash equivalents		**(53,252)**	**(2,462)**
Cash and cash equivalents at the beginning of year	23	69,168	71,630
Cash and cash equivalents at the end of year	23	**15,916**	**69,168**

The accompanying notes are an integral part of these financial statements.

Notes forming part of the financial statements

1. Reporting entity

Bord na Móna plc (the "Company") is a company domiciled in Ireland. These consolidated financial statements as at and for the year ended 29 March 2017, comprise the financial statements of 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 company's registered office is Main Street, Newbridge, Co. Kildare.

One ordinary share is held by the Minister for Communications, Energy and Natural Resources. 5% of the ordinary shares are held by the employees of the Group through an Employee Share Ownership Plan (ESOP). The remainder of the issued share capital is held by the Minister for Finance (whose shares stand transferred to the Minister for Public Expenditure and Reform under the Ministers and Secretaries Act 2011).

2. Significant accounting policies (including use of estimates and judgements)

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.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). A separate Company income statement is not presented in these financial statements as the Company has availed of the exemption provided by section 304 of the Companies Act 2014.

Basis of measurement

The consolidated 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;
- the defined benefit plan liability is recognised as the net of the fair value of plan assets and the present value of the defined benefit obligation; and
- derivatives are measured at fair value.

Functional currency

The financial statements are presented 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.

Use of estimates and judgements

The preparation of the consolidated financial statements and Company financial statements in conformity with IFRS and FRS 101 respectively requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 prospectively.

The judgements in applying accounting policies that have the most significant effect on amounts recognised in the consolidated and Company financial statements are:

- Valuation of pension scheme assets and liabilities – See note 26.
- Carrying amount of property, plant and equipment – See note 10.
- Measurement of provisions – See note 18.
- Measurement of goodwill – See note 12.
- Peat supply agreement – The Group has agreements in place to supply peat to the ESB until 2019. The price charged is based primarily on the price of other carbon-based fuels. The Group has considered the terms of the contracts and is satisfied that the contracts qualify for the 'own-use' exemption under IFRS from financial instrument accounting and that there are no embedded derivatives in the contracts requiring separation.
- Peat – The Group has determined that peat does not meet the definition of a biological asset under IFRS. The rationale is that there is no manual intervention involved in the creation of peat. In addition, peat in its current form is not considered a living animal or plant.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values is included in the note on Financial Instruments and Risk Management.

Notes forming part of the financial statements
(continued)

2. Significant accounting policies (continued)

Accounting year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period 31 March 2016 to 29 March 2017 (prior year: 53-week period 26 March 2015 to 30 March 2016).

Going concern

The financial statements have been prepared on the going concern basis.

Newly effective IFRS requirements

A number of new IFRS requirements become effective in the current year but had no material impact on the Group.

Amendments to IFRSs that are not yet effective

A number of new IFRS requirements are effective for future periods and have not been applied in preparing these consolidated financial statements. These include the following:

- IFRS 15: Revenue from contracts with customers (effective 1 January 2018)
- IFRS 9: Financial Instruments (effective 1 January 2018)*
- IFRS 16: Leases (effective from 1 January 2019)
- Annual Improvements to IFRS's 2014-2016*

* Not yet endorsed by the EU.

The Group is currently in the process of its assessment of the impact of these new IFRS requirements. In addition, there are a number of forthcoming IFRS requirements that are not expected to have a material impact on the Group.

Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Gains and losses on such settlements are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not subsequently remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint ventures
A joint venture is an arrangement over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which joint control ceases.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity and recognises any consideration received at fair value. Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognised in profit or loss.

Non-controlling interests
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Subsequently they are allocated their share of total comprehensive income.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the company.

2. Significant accounting policies (continued)

Foreign Currency

i. Foreign Currency Transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not retranslated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign Operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign Currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Exceptional items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items. The tax element of exceptional items is included as exceptional tax.

Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the lower of the fair value of the underlying asset and the present value of the minimum lease payments; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's balance sheet.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative income statement and statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes forming part of the financial statements
(continued)

2. Significant accounting policies (continued)

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of amounts related to cash-flow hedges previously recognised in OCI.

Interest income or expenses is recognised using the effective interest method.

The Groups' finance cost excludes interest capitalised on assets in the course of construction.

In addition the unwind of discounts on provisions and the net interest cost on defined benefit pensions are charged to finance costs.

Taxation

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax
Current tax represents the amount expected to be payable or receivable in respect of taxable profit or loss for the year and any adjustment to the tax payable and receivable in respect of previous years. It is calculated using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Revenue

Sale of goods
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 and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

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

Rendering of services
The Group is involved in the provision of peatland services to the National Park and Wildlife Services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

2. Significant accounting policies (continued)

Revenue (continued)

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 income statement. The costs associated with the delivery of the services are charged to cost of sales as incurred.

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

Investment property rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as other income.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Property, plant and equipment

Recognition and measurement
Freehold land other than peatland is measured at cost less any accumulated impairment losses. Peatland and all other items of property, plant and equipment are measured at cost less accumulated depreciation, depletion 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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) and depreciated separately.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Borrowings costs that are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. Where funds are borrowed specifically for the purpose of financing the construction of property, plant and equipment, 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 property, plant and equipment. The capitalisation of borrowing costs ceases when the asset is commissioned or where active development has been interrupted for an extended period of time.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depletion and depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over the estimated useful lives. Depreciation is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Property, plant and equipment is 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.

There are a number of different useful lives used over which the assets are depreciated as below:

Assets on a straight line basis
Other items of property, plant and equipment are depreciated on a straight line basis at the rates indicated:

Plant and machinery	5% to 12.5%	per annum
Windfarms	5%	per annum
Motor Vehicles	20%	per annum
Buildings	5% to 10%	per annum
IT Equipment	20% to 33.3%	per annum

Notes forming part of the financial statements
(continued)

2. Significant accounting policies (continued)

Other asset categories

Generating assets
The Group's power plant at Edenderry is depreciated on an electrical output basis in order to relate the depreciation to the estimated production capability of the plant. The electrical output method of depreciation seeks to relate the depreciation charge to the estimated production capability of the plant.

The Group's peaking plant at Edenderry and the wind farms are depreciated on a straight line basis with the charge calculated to write the cost of the assets 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 plants on a consistent basis over the useful life (twenty years) of the plants based on its availability to the grid.

Landfill
The infrastructural cost of the landfill asset is depreciated over the licensed life of twenty years. The landfill cells and the related capitalised costs for which there is a related environmental provision such as capping are depreciated on the basis of the usage of void space.

Assets in course of construction
No depreciation is charged on assets in the course of construction. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

A depreciation charge is recorded in respect of peatland based on the peat reserves that will be consumed to meet the Group's supply obligations under Peat Supply Agreements.

Intangible assets and goodwill

i Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition development expenditure is measured at cost less accumulated amortisation from the date it is available for use and any accumulated impairment losses.
Other intangible assets (excluding emissions allowances)	Other intangible assets, including contracts, grid connections, customer lists and software are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives are as follows:

- Grid connection – 20 years
- Software – 3-8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Goodwill is not amortised but subject to annual impairment reviews.

Emission allowances

Purchased:
Emissions allowances purchased are recorded as intangible assets at cost and are not amortised as they are held for settlement of the emission liability. As emissions arise, a charge is recorded in the income statement to reflect the amount required to settle the liability to the Government Authority. This liability will include the carrying amount of the emission allowances held plus the current market value of any additional allowances required to settle the obligation. These allowances, together with any additional allowances received, 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 during that year. The intangible asset is reduced on settlement of the liability.

Granted:
In accordance with the provisions of the European Union emissions trading scheme, emissions allowances covering a percentage of the expected emissions during the year are granted to one of the Bord na Móna companies at the beginning of each year by the relevant Government Authority. Emissions allowances granted are recognised at nil. The corresponding liability that will be settled using granted allowances is also recognised at nil.

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item at the end of the previous reporting period) is recognised in profit or loss.

2. Significant accounting policies (continued)

Impairment

i. Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories 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 horticulture 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 peat 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 lower moisture content) are recognised on measurement of the peat when the stock pile is fully used. 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 necessary to make the sale and any penalty payments.

Cash and cash equivalents

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

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

In the statement of cash flows cash and cash equivalents are shown net of short-term overdrafts which are repayable on demand.

Pensions and post-retirement benefits

The Group has both defined benefit and defined contribution pension arrangements.

Defined contribution schemes
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit schemes: Group
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Where the scheme rules require a surplus arising in the scheme to be shared between 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 Comprehensive Income (OCI).

Remeasurements of the net defined liability, which compromise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset) at the previous reporting date, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes forming part of the financial statements
(continued)

2. Significant accounting policies (continued)

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition
The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement
Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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

(iii) Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless hedge accounting is being applied.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from retained earnings, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when paid.

Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

2. Significant accounting policies (continued)

Grants

Government grants other than emission allowances are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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.

3. Revenues

	29 March 2017 €'000	30 March 2016 €'000
Continuing operations:		
Peat	79,747	85,767
PowerGen	92,865	103,421
Fuels	74,919	85,761
Horticulture	56,779	58,898
Resource Recovery	97,790	95,541
Other	4,128	3,432
	406,228	**432,820**

The Group is organised into six business units: Peat, Biomass, PowerGen, Fuels, Horticulture and Resource Recovery. All Biomass sales are internal sales only.

4. Employee benefit expenses

The average number of persons employed by the Group during the year, analysed by category:

	29 March 2017	30 March 2016
Manufacturing and production	1,417	1,382
Administration	581	555
Total	1,998	1,937
Peak employment	2,279	2,240

The aggregated payroll costs of these persons were as follows:

	29 March 2017 €'000	30 March 2016 €'000
Wages and salaries	87,646	92,368
Social security costs	9,422	9,456
Pension costs (defined contribution)	977	919
Pension costs (defined benefit)	2,250	3,071
Redundancy costs	1,505	6,372
	101,800	112,186
Staff costs capitalised	(2,121)	(1,769)
Past pension service credit*	–	(10,700)
Net staff costs	**99,679**	**99,717**

* In the prior year, the Group implemented a restructuring of the General Employee Superannuation Scheme that triggered a past service credit of €10.7 million recognised in the income statement. The restructuring included:
(i) a freeze on salaries for pensionable salaries to 1 April 2016;
(ii) a capping of pensionable salaries from 2 April 2016 to 1 November 2023 at the lower of price inflation or actual salary increases or 2% per annum;
(iii) a reduction in pensions of existing pensions-in-payment; and
(iv) a reduction in the benefits of deferred pensions of up to 10%.

Notes forming part of the financial statements
(continued)

5. Directors' Remuneration

	29 March 2017 €'000	30 March 2016 €'000
Directors' fees	135	135
Salary	200	200
Amounts payable under long-term incentive schemes	–	31
Company contributions to pension schemes	66	77
Taxable Benefits	30	22
Other remuneration	359	337
	790	**802**

The directors' remuneration disclosure is made up of remuneration paid by Bord na Móna plc to all the directors of the Company, namely the Worker Participation directors, non-executive directors and executive directors. The number of directors to whom retirement benefits accrued amounted to 4 (2016: 4). Some of the directors are currently in the defined benefit pension schemes. The aggregate amount paid or payable for past directors' retirement benefits (excluding amounts where the scheme was adequately funded) was €330,000 (2016: €328,000).

	Fees €'000	Other Remuneration €'000	Company Contribution to pension €'000	Total €'000
Directors appointed in accordance with the Worker Participation (State Enterprise) Acts 1977 and 1988 (No. of worker directors; 2017:4/2016:4)				
29 March 2017	50	359	16	425
30 March 2016	50	377	27	454
Non Executive Directors				
Other non-executive Directors (No. of non-executive directors; 2017:6/2016:6)				
29 March 2017	85	–	–	85
30 March 2016	85	–	–	85

	Fees €'000	Salary €'000	Performance related pay €'000	Company contributions to pension schemes €'000	Taxable benefits €'000	Total €'000
Executive Directors (Mike Quinn)						
29 March 2017	–	200	–	50	30	280
30 March 2016	–	200	–	50	13	263

The non-executive chairman receives a fee of €21,600 and each of the Directors, excluding the Managing Director and one non-executive director, 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 directors who held office at the end of the financial year had the following interest in the ordinary shares at the start of the year, or at their date of appointment if later, and at the end of the year to 29 March 2017:

	29 March 2017 shares	30 March 2016 shares
Philip Casey	1,771	1,771
Kevin Healy	1,771	1,771
Seamus Maguire	1,771	1,771
Paschal Maher	1,771	1,771
Total	**7,084**	**7,084**

The above shares owned by the directors are held through the Employee Share Ownership Programme ("ESOP").

6. Statutory and other information

	29 March 2017 €'000	30 March 2016 €'000
Auditors' remuneration		
Statutory audit of group financial statements	283	605
Other assurances services	2	10
Tax services	289	154
	574	**769**

The audit fee for the Parent Company is €13,000.

The above includes out-of-pocket expenses of €18,000 (2016: €18,000) that were reimbursed to the auditor.

The profit for the year is arrived at after charging/(crediting):

	29 March 2017 €'000	30 March 2016 €'000
Operating lease rentals		
Plant and machinery	1,086	1,554
Land and buildings	610	982
	1,696	2,536
Depreciation (note 10)	41,274	46,246
Profit on disposal of property, plant and equipment	204	357
Amortisation of intangible assets (note 12)	4,684	4,346
Impairment of property, plant and equipment (note 10)	–	23,643
Impairment of goodwill and intangible assets (note 12)	10,718	847
Fair value movement on investment property (note 11)	(2,000)	(7,489)
Research and business development expenditure	9,252	7,497
Capital grants amortised (note 17)	(2,151)	(1,747)
Foreign exchange loss/(gain)	817	(427)

Other income

	29 March 2017 €'000	30 March 2016 €'000
Other income	2,528	555
Fair value movement on investment property (note 11)	2,000	7,489
	4,528	**8,044**

Exceptional costs

	29 March 2017 €'000	30 March 2016 €'000
Cost of sales (i)	(1,432)	–
Administrative Expenses (i)	(1,976)	–
Impairment of property, plant and equipment (note 10) (iii)	–	(23,643)
Impairment of goodwill and intangible assets (note 12) (i)	(10,718)	(847)
Restructuring costs (ii)	(1,505)	(7,259)
Pension obligations past service curtailment gain (note 26) (iv)	–	10,700
	(15,631)	**(21,049)**

Notes forming part of the financial statements

(continued)

7. Other income & exceptional items (continued)

Exceptional items

The Group presents certain items which are unusual by virtue of their size and incidence in the context of its ongoing operations as exceptional items. This presentation is made in the income statement to aid understanding of the performance of the Group's underlying business. Judgement is used by the Group in assessing the particular items which should be disclosed as exceptional.

(i) During the year the group acquired White Moss Horticulture Limited. Related to this are the exceptional costs outlined in note 22.

(ii) During the year the group incurred redundancy costs of €1.5 million (2016: €0.6 million) in the Fuels, Peat and Horticulture businesses.

(iii) In the prior year, market changes within the energy sector with reduced projected capacity payments and projected Irish Wholesale Electricity Price Curve triggered an impairment on property, plant and equipment of €22.7 million and an impairment of €0.7 million on intangible assets within the Powergen business. In addition changes in the solid fuel market triggered an impairment of €0.9 million on property, plant and equipment and a restructuring charge of €4.3 million to enable the retirement of surplus production capacity. The Group has restructured its finance service delivery model and provided for a restructuring charge of €2.1 million and an impairment on software of €0.1 million. Peat incurred a restructuring charge of €0.9 million.

(iv) In the prior year, the Group implemented a restructuring of the General Employee Superannuation Scheme that triggered a past service credit of €10.7 million recognised in the income statement.

8. Net finance costs

	29 March 2017 €'000	30 March 2016 €'000
Finance income:		
Interest income on bank deposits	174	71
Cash flow hedges – reclassified to profit or loss (cash receipts) [(a)]	4,077	4,690
	4,251	4,761
Finance costs:		
Interest on bank overdraft	(500)	(190)
Interest on unsecured loan notes	(14,022)	(17,268)
Foreign exchange movement on unsecured loan notes	(10,110)	7,806
Cash flow hedges – reclassified to profit or loss (foreign exchange)	10,110	(7,806)
Unwind of discount on provisions (note 18)	(1,169)	(1,089)
Net interest cost on defined benefit pensions (note 26)	(429)	(805)
Amortisation of issue costs	(288)	(300)
	(16,408)	**(19,652)**

(a) The total cash receipts on derivatives was €14.9 million, of which, €10.8 million relates to cash receipts on principal repayments and €4.1 million relates to cash receipts on interest payments.

9. Income taxes

(a) Amounts recognised in income statement

	29 March 2017 €'000	30 March 2016 €'000
Current tax:		
Irish corporation tax	2,373	1,676
Overseas tax	1	3
Adjustments in respect of prior years	242	(848)
Total current tax	**2,616**	**831**
Deferred tax		
Origination and reversal of temporary differences:		
Property,plant and equipment - allowances	1,116	(11)
Investment property-capital gains	691	2,414
Derivatives	1,264	(976)
Release of pension obligations	838	2,714
Provisions, unutilised losses & other	402	856
Total deferred tax	**4,311**	**4,997**
Income tax expense on continuing operations	**6,927**	**5,828**

The tax expense is on continuing operations. Income tax on the discontinued operation is nil (2016: €0.09 million).

9. Income taxes (continued)

(b) Reconciliation of effective tax rate

	29 March 2017 €'000	30 March 2016 €'000
Profit on ordinary activities before tax	12,164	22,217
Tax using standard corporation tax rate in Ireland of 12.5% (2014:12.5%)	1,521	2,777
Tax effect of:		
Impairments of property, plant and equipment and intangible assets and goodwill	1,340	3,196
Amortisation of intangible assets	–	51
Other non deductible expenses	(590)	(2,927)
Deferred tax on derivatives	1,264	(976)
Corporation tax on derivatives	1,426	-
Deferred tax on reduction in pension liabilities	838	2,714
Deferred tax on investment property	691	2,414
Non-Taxable income on provision charges	–	(525)
Changes in estimates related to prior years	242	(848)
Utilisation of tax losses	82	63
Pension payments in excess of pension cost charge	(816)	(1,308)
Group Relief	16	15
Ineligible depreciation	982	1,179
Impact of different tax rates	(69)	3
Income Tax expense	**6,927**	**5,828**
Effective Tax rate	57%	26%

(c) Movements in deferred tax balances

	Balance at 30 March 2016 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 29 March 2017 €'000
Deferred Tax assets						
Defined benefit pensions	3,742	–	(838)	(1,369)		1,535
Property, plant and equipment – capital allowances	126	–	(21)	–	–	105
Provisions	1,367	–	(321)	–	–	1,046
Unutilised Losses	321	–	(82)	–	–	239
Total	**5,556**	**–**	**(1,262)**	**(1,369)**	**–**	**2,925**

	Balance at 30 March 2016 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 29 March 2017 €'000
Deferred tax liabilities						
Property, plant and equipment – capital allowances	(8,800)	–	(1,095)	–	–	(9,895)
Intangible assets	–	–	–	–	–	–
Derivatives	(4,718)	1,426	–	(1,199)	–	(4,491)
Investment property	(3,119)	–	(691)	–	–	(3,810)
Total	**(16,637)**	**1,426**	**(1,786)**	**(1,199)**	**–**	**(18,196)**

The combined net deferred tax liability of €15.3 million has been shown on the balance sheet.

Notes forming part of the financial statements
(continued)

9. Income taxes (continued)

(c) Movements in deferred tax balances (continued)

	Balance at 25 March 2015 €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 30 March 2016 €'000
Deferred tax Assets					
Defined benefit pensions	7,828	(2,714)	(1,372)	–	3,742
Property, plant and equipment – capital allowances	35	91	–	–	126
Provisions	2,015	(648)	–	–	1,367
Unutilised Losses	634	(313)	–	–	321
Total	**10,512**	**(3,584)**	**(1,372)**	**–**	**5,556**

	Balance at 25 March 2015 €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 30 March 2016 €'000
Deferred tax liabilities					
Property, plant and equipment – capital allowances	(8,720)	(80)	–	–	(8,800)
Intangible assets	(104)	104	–	–	–
Derivatives	(6,110)	–	1,392	–	(4,718)
Investment property	(705)	(2,414)	–	–	(3,119)
Total	**(15,639)**	**(2,390)**	**1,392**	**–**	**(16,637)**

The combined net deferred tax liability of €11.1 million has been shown on the balance sheet.

(d) Unrecognised deferred tax assets

The following deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	29 March 2017 €'000	30 March 2016 €'000
Deferred Tax Assets		
Unused tax losses	3,419	2,368
Total	**3,419**	**2,368**

The losses are not time bound but subject to the respective trades returning to profitability.

10. Property, plant and equipment

2017

	Peatland, drainage and production buildings €'000	Landfill €'000	Railway, plant and machinery €'000	Generating assets €'000	Freehold land, administration and research buildings €'000	Assets in course of construction €'000	Group Total €'000
Cost							
At 30 March 2016	139,447	45,642	240,757	338,857	18,874	5,144	788,721
Additions	1,892	2,600	10,795	126	231	9,549	25,193
Disposals/retirements	(1,002)	–	(21,233)	–	(5,033)	–	(27,268)
Reclassification	(202)	100	8	6	88	–	–
Transfers from assets under construction	309	4,291	2,620	–	1,491	(8,711)	–
Arising on acquisition	3,348	–	4,595	–	–	–	7,943
At 29 March 2017	**143,792**	**52,633**	**237,542**	**338,989**	**15,651**	**5,982**	**794,589**
Depreciation and impairment							
At 30 March 2016	116,317	35,854	203,436	122,365	9,881	–	487,853
Depreciation charge	5,862	5,908	13,837	15,045	622	–	41,274
Reclassification	303	100	(1,240)	4	833	–	–
Disposals/retirements	(704)	(12)	(21,169)	–	(5,033)	–	(26,918)
At 29 March 2017	121,778	41,850	194,864	137,414	6,303	–	502,209
Carrying amount							
At 29 March 2017	22,014	10,783	42,678	201,575	9,348	5,982	292,380
At 30 March 2016	23,130	9,788	37,321	216,492	8,993	5,144	300,868

2016

	Peatland, drainage and production buildings €'000	Landfill €'000	Railway, plant and machinery €'000	Generating assets €'000	Freehold land, administration and research buildings €'000	Assets in course of construction €'000	Group Total €'000
Cost							
At 26 March 2015	135,646	38,879	235,179	328,008	20,852	7,416	765,980
Additions	3,426	3,955	7,960	5,187	683	10,918	32,129
Disposals/retirements	(70)	–	(4,542)	(26)	(1,951)	–	(6,589)
Reclassification	(104)	–	(380)	–	484	–	–
Transfers from assets under construction	549	2,808	2,589	5,688	1,556	(13,190)	–
Transfer of assets held for sale (note 27)	–	–	–	–	(2,748)	–	(2,748)
Exchange adjustments	–	–	(49)	–	(2)	–	(51)
At 30 March 2016	139,447	45,642	240,757	338,857	18,874	5,144	788,721
Depreciation and impairment							
At 26 March 2015	108,736	29,439	194,222	80,247	11,571	–	424,215
Depreciation charge	6,864	6,415	12,882	19,398	687	–	46,246
Impairment	630	–	(90)	–	(540)	–	–
Disposals/retirements	87	–	831	22,725	–	–	23,643
Reclassification	–	–	(4,364)	(5)	(1,054)	–	(5,423)
Transfer of assets held for sale (note 27)	–	–	–	–	(780)	–	(780)
Exchange adjustments	–	–	(46)	–	(2)	–	(48)
At 30 March 2016	116,317	35,854	203,435	122,365	9,882	–	487,853
Carrying amount							
At 30 March 2016	23,130	9,788	37,322	216,492	8,992	5,144	300,868
At 26 March 2015	26,910	9,440	40,957	247,761	9,281	7,416	341,765

Notes forming part of the financial statements
(continued)

10. Property, plant and equipment (continued)

Additions include:

Additions include:

(i) A sum of €1,807,000 (2016: €3,199,000) in respect of decommissioning and restoration assets.
(ii) There was no capitalisation of borrowing costs in the current year (2016: nil) in respect of assets in the course of construction during the year.
(iii) Transfers from assets in course of construction includes plant constructed in-house and engineered landfill cells which became operational during the year. The balance at year-end represents engineered landfill cells and in-house machinery construction.

No property, plant and equipment is held as security for any loans or borrowings of the Group. The unsecured loan notes do however, restrict the Group from selling more than 16% of the Groups gross assets without prior consent.

In accordance with the Group's accounting policies, the Directors undertake an annual review of the carrying amount of all property, plant and equipment at the reporting date to determine whether there is any indication of impairment.

An impairment review has been carried out on assets displaying indications of impairment by comparing the net present value of future cash flows to their carrying value as at 29 March 2017. As outlined in note 22, the directors conducted an impairment review on the carrying value of property, plant and equipment and determined that the fair value is recoverable. In relation to other impairment reviews, no impairment charges were required as the value in use exceeds the current carrying value. In the prior year an impairment loss of €22.7 million has been recognised in the income statement in respect of two Power plants. The impairment arose as a result of adverse changes to the projected Irish Wholesale Electricity Price curve, projected capacity payments and expected changes to the I-SEM market that will come into effect in 2018. The key assumptions used in the impairment calculation were:

(i) Irish Wholesale Electricity price curve
(ii) Expected capacity payments
(iii) Carbon prices
(iv) Biomass prices
(v) Peat prices
(vi) Planning permission will be granted to the co-fired Power Station

If the discount rate was to increase by 1% the impairments on both plants would have increased by €2.5 million; if capacity payments were to reduce by 5% the impairment on both plants would have increased by €2.4 million: and if SMP prices were to decrease by a further 5% the impairment would have increased by €4.2 million.

Also in the prior year an impairment loss of €0.9m was recognised in the income statement in respect of Fuel's Production Plant. The impairment arose as a result the impending nationwide ban on bituminous coal and the result of surplus production capacity.

In determining an asset's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of the property, plant and equipment. The estimates and assumptions used are based on historical experience, industry knowledge and other factors that are believed to be reasonable based on information available.

11. Assets held for sale

	29 March 2017 €'000	30 March 2016 €'000
Baggot Street (a)	36,000	–
Bridgewater (b)	1,968	1,968
	37,968	1,968

a) Baggot Street, Dublin, Ireland

	29 March 2017 €'000	30 March 2016 €'000
At beginning of year (investment property)	34,000	25,400
Additions	–	1,111
Fair value movement	2,000	7,489
At end of year	36,000	34,000

b) Bridgewater, Somerset, UK

	29 March 2017 €'000	30 March 2016 €'000
At beginning of year	1,968	1,968
At end of year	1,968	1,968

11. Assets held for sale (continued)

a) Baggot Street, Dublin, Ireland.

During the year the Baggot Street investment property was reclassified as an asset held for sale.

Investment property comprises commercial property in the Republic of Ireland that is currently leased to third parties (2016: Substantially rented). The fair value of investment property was determined by the directors having regard for an external, independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

Valuation technique and significant unobservable inputs
The Group considers that its investment property falls within Level 3 fair value as defined by IFRS 13 and therefore that the income approach/yield methodology using market rental values capitalised with a market capitalisation rate or yield used by the valuer is the best method to determine the fair value of the investment properties. As further outlined in IFRS 13, a Level 3 fair value recognises that not all of the inputs and considerations made in determining the fair value of property investments can be derived from publicly available data, as the valuation methodology in respect of a property has also to rely on other factors including technical engineering reports, legal data and analysis, and proprietary data bases maintained by the valuer in respect of similar properties to the assets being valued.

For investment property, the income approach/yield methodology involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

Sensitivity of measurement to variance of significant unobservable inputs
A decrease in the estimated annual rent will decrease the fair value. Similarly, an increase in equivalent yield will increase the fair value. There are interrelationships between these rates as they are partially determined by market rate conditions. The following table shows the valuation technique used in measuring the fair value of the investment property, as well as the significant unobservable inputs used. The property is fully rented at 29 March 2017 (2016: substantially rented at March 2016).

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property taking into account the expected rental growth rate, lease incentive costs such as rent free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the building and its location (prime v secondary), tenant credit quality and lease terms.	• Expected market rental growth (2017: 5.1% (2016:5%)) • Annual rent per square foot (2017: €46; 2016: €45) • Equivalent yield (2017: 5.2%: 2016: 5.13%) • Void periods (fully let) (2016: One floor was void) • Occupancy rate (2017: 95% to 100%) (2016: 85-90%) • Rent free periods (In current leases) • Risk adjusted discount rates (2017: 5-8%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher (lower) • Void periods were shorter • The occupancy rate were higher (lower) • Rent free periods were shorter (longer); or • The risk adjusted discount rate were lower (higher)

b) Bridgewater, Somerset, UK.

Following the sale of the U.K. Anua business, the Directors have placed the U.K. building at Bridgewater, Somerset on the market.

Accordingly it has been presented as an asset held for sale.

Notes forming part of the financial statements
(continued)

12. Goodwill and intangible Assets

2017

	Assets in course of construction €'000	Software €'000	Grid Connection €'000	Other €'000	Goodwill €'000	Total €'000
Cost						
At beginning of the year	6,105	27,290	22,508	88,016	–	143,919
Additions	6,614	735	9	543	–	7,901
Disposals	–	(635)	–	–	–	(635)
Transfers from assets under construction	(11,961)	11,961	–	–	–	–
Goodwill arising on acquisition	–	–	–	350	11,068	11,418
Settlement of emission allowances	–	–	–	(5,031)	–	(5,031)
At end of the year	**758**	**39,351**	**22,517**	**83,878**	**11,068**	**157,572**
Amortisation and impairment						
At beginning of the year	–	15,483	6,545	80,197	–	102,225
Charge for year	–	3,213	870	601	–	4,684
Disposals	–	(635)	–	–	–	(635)
Goodwill impairment	–	–	–	–	10,718	10,718
At end of the year	–	18,061	7,415	80,798	10,718	116,992
Carrying amounts						
At 29 March 2017	758	21,290	15,102	3,080	350	40,580
At 30 March 2016	6,105	11,807	15,963	7,819	–	41,694

In accordance with the Group's accounting policies the directors undertake an annual review of the carrying amount of all intangible assets and goodwill to determine whether there is any indication of impairment.

During the year the directors impaired the goodwill arising on the acquisition of White Moss Horticulture Limited, as outlined in note 22.

The goodwill arising on the acquisition of Pacon was €0.35 million

Transfers from assets in course of construction includes the transfer of IT applications which became operational during the year. The balance at year-end represents partly constructed IT applications.

Other includes customer lists and carbon emission credits. Upon settlement of emission liabilities the credits are released from intangible assets.

2016

	Assets in course of construction €'000	Software €'000	Grid Connection €'000	Other €'000	Goodwill €'000	Total €'000
Cost						
At beginning of the year	5,988	17,411	22,498	87,536	–	133,433
Additions	9,919	597	10	5,125	–	15,651
Disposals	–	(520)	–	(530)	–	(1,050)
Transfers from assets under construction	(9,802)	9,802	–	–	–	–
Settlement of emission allowances	–	–	–	(4,115)	–	(4,115)
At end of the year	**6,105**	**27,290**	**22,508**	**88,016**	**–**	**143,919**
Amortisation and impairment						
At beginning of the year	–	14,298	4,755	78,894	–	97,947
Charge for year	–	1,458	1,055	1,833	–	4,346
Disposals	–	(385)	–	(530)	–	(915)
Impairment	–	112	735	–	–	847
At end of the year	–	15,483	6,545	80,197	–	102,225
Carrying amounts						
At 30 March 2016	6,105	11,807	15,963	7,819	–	41,694
At 25 March 2015	5,988	3,113	17,743	8,642	–	35,486

In the prior year the directors impaired Grid Connection and Software cost by €847,000 due to market changes in the energy sector (see note 10).

13. Inventory

	29 March 2017 €'000	30 March 2016 €'000
Raw Materials	17,907	18,329
Finished Goods	76,258	80,856
Maintenance Spares – consumables	5,446	5,162
Total	**99,611**	**104,347**

The inventory balances includes a provision of €7.5 million (2016: €8.6 million).

During the year there was a write down of growing media stocks of €1.5 million, fuels stocks of €0.50 million and peat stocks of €0.09 million.

In 2017, inventories of €149.2 million (2016: €190.5 million) were recognised as an expense and included in cost of sales.

Maintenance spares – consumables represent small items included in the operating cycle.

14. Investments in joint venture

	29 March 2017 €'000	30 March 2016 €'000
At the beginning of the year	25,069	3,559
Investments made	1,335	24,008
Distributions received	–	–
Share of losses	(424)	(442)
Share of joint venture other comprehensive income/(loss)	471	(2,056)
At the end of the year	**26,451**	**25,069**

Oweninny Power DAC ("Oweninny") was incorporated in September 2011 as a joint venture between Bord na Móna Powergen Limited and ESB Wind Development Limited to develop a 172MW wind farm in Oweninny, Co. Mayo. The joint venture is developing the wind farm project and has commenced construction but commercial operations are not expected until 2019. The following table summaries the financial information of Oweninny as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the group's interest in Oweninny. The information presented in the table includes the results of Oweninny for the year ended 29 March 2017.

Oweninny

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	29 March 2017 €'000	30 March 2016 €'000
Revenue	–	–
Depreciation and amortisation	–	–
Interest expense	(18)	(87)
Other expenses	31	(633)
Income tax expense	–	–
Cashflow hedge movement	–	–
	13	(720)
Groups share of profit/(loss) and total comprehensive income (50%)	7	(360)

Notes forming part of the financial statements
(continued)

14. Investment in joint venture (continued)

(ii) Summarised Statement of Financial Position

Percentage ownership interest	50%	50%
	29 March 2017	30 March 2016
	€'000	€'000
Non-current assets	12,186	10,254
Current assets	467	402
Non-current liabilities	(1,533)	(458)
Current liabilities	(255)	(445)
Net assets (100%)	10,865	9,753
Group share of net assets (50%)	5,433	4,877
Carrying amount	5,433	4,877

Sliabh Bawn Power DAC ("Sliabh Bawn") was incorporated in December 2015 as a joint venture between Bord na Móna Powergen Limited and Coillte to develop a 64MW wind farm in Strokestown, Co. Roscommon. The wind farm completed its construction phase in November, the commissioning phase completed at the end of February and commercial operations commenced on 1 March 2017. The following table summarises the financial information of Sliabh Bawn Wind Holdings DAC, Sliabh Bawn Power DAC and Sliabh Bawn Supply DAC. The table also reconciles the summarised financial information to the carrying amount of the group's interest in Sliabh Bawn group. The information presented in the table includes the results of Sliabh Bawn for the period 31 March 2016 to 29 March 2017.

Sliabh Bawn

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	29 March 2017	30 March 2016
	€'000	€'000
Revenue	715	–
Cost of sales	(1,246)	–
Depreciation and amortisation	–	–
Interest expense	(189)	(164)
Other expenses	–	–
Income tax expense	–	–
Cashflow hedge movement	942	(4,109)
	222	(4,273)
Groups share of profit/(loss) and total comprehensive income (50%)	111	(2,137)

(ii) Summarised Statement of Financial Position

Percentage ownership interest	50%	50%
	29 March 2017	30 March 2016
	€'000	€'000
Non-current assets	116,508	67,531
Current assets	4,166	365
Non-current liabilities	(78,865)	(27,512)
Current liabilities	(1,203)	–
Net assets (100%)	**40,606**	**40,384**
Group share of net assets (50%)	20,303	20,192
Carrying amount	**20,303**	**20,192**

14. Investment in joint venture (continued)

On the 26th of August 2016 the Group acquired a 50% interest in the shares of Electricity Exchange Limited. The Company participates in the all-island Single Electricity Market (SEM) as a Demand Side Unit (DSU). A DSU combines a number of large electricity consumers who can be thought of as a 'flexible generator' having contractually agreed to reduce their demand by a certain quantity on instruction to form a Virtual Power Plant, i.e. in practice a signal from Electricity Exchange's own control room. The required 'Demand Side Management' can be achieved by reducing onsite load or by self-supplying some/all of the consumers' electricity demand using onsite generation.

The information presented in the table below includes the results of Electricity Exchange for the period 26 August 2016 to 29 March 2017.

Electricity Exchange

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	29 March 2017	30 March 2016
	€'000	€'000
Revenue	1,669	–
Cost of sales	(1,216)	–
Depreciation and amortisation	(2)	–
Interest expense	(6)	–
Other expenses	(588)	–
Income tax expense	–	–
	(143)	–
Groups share of loss and total comprehensive income (50%)	**(71)**	**–**

(ii) Summarised Statement of Financial Position

Percentage ownership interest	50%	50%
	29 March 2017	30 March 2016
	€'000	€'000
Non-current assets	1,168	–
Current assets	841	–
Non-current liabilities	0	–
Current liabilities	(579)	–
Net assets (100%)	**1,430**	**–**
Group share of net assets (50%)	715	–
Carrying amount	**715**	**–**

15. Trade and other receivables

	29 March 2017	30 March 2016
	€'000	€'000
Trade receivables	42,603	41,996
Prepayments	6,060	3,891
Amounts owed by Joint Venture undertaking	369	426
Other receivables	3,319	2,076
Accrued revenue	24,322	23,700
Corporation tax	3,202	5,060
Total	**79,875**	**77,149**

Notes forming part of the financial statements
(continued)

16. Trade and other payables

	29 March 2017 €'000	30 March 2016 €'000
Trade payables	62,020	65,760
Accruals	10,627	16,003
Deferred income	6,473	6,283
Capital grants (note 17)	2,647	2,671
Other payables	7,066	5,921
Creditors in respect of tax and social welfare	6,049	7,852
Total	**94,882**	**104,490**
Creditors in respect of tax and social welfare comprise:		
Income tax deducted under PAYE	1,336	1,681
Pay-related social insurance	1,071	1,201
Corporation tax	3,375	764
Value-added tax	213	4,192
Other taxes	54	14
Total	**6,049**	**7,852**

17. Capital grants

	29 March 2017 €'000	30 March 2016 €'000
At beginning of the year	14,774	12,132
Received during the year	95	4,389
Amortised during the year	(2,151)	(1,747)
At end of the year	**12,718**	**14,774**
Deferred as follows:		
Within one year	2,647	2,671
After more than one year	10,071	12,103
Total	**12,718**	**14,774**

Edenderry Power Limited received a European Union grant for €26.0 million as part of the Economic Infrastructure Operational Programme (EIOP) in the period 1999 to 2002. All conditions under the grant agreement have been satisfied.

During the year Edenderry Power Limited received no grants (2016: €4.1 million). All conditions under the agreement have been satisfied.

During the year the Company received a grant of €0.095 million (2016: €0.3 million towards the construction of the Lough Boora Parkland Facilities from an Bord Failte). A number of conditions remain in progress and further monies are available for drawdown.

18. Provisions

2017

	Environmental restatement €'000	Reorganisation and redundancy €'000	Insurance €'000	Other €'000	Total €'000
At beginning of the year	49,982	6,674	6,652	4,147	67,455
Arising on acquisition	5,415	–	–	–	5,415
Provisions made during the year	3,284	1,667	1,750	1,297	7,998
Provisions used during the year	(3,174)	(3,097)	(1,293)	(419)	(7,983)
Provisions reversed during the year	(357)	(632)	(9)	(340)	(1,338)
Unwind of discount	1,169	–	–	–	1,169
Capitalised during the year	1,807	–	–	–	1,807
Exchange adjustment	(11)	–	–	–	(11)
At end of the year	**58,115**	**4,612**	**7,100**	**4,685**	**74,512**
Amounts due as follows:					
Current	11,481	3,460	1,465	4,614	21,020
Non-current	46,634	1,152	5,635	71	53,492
Total	**58,115**	**4,612**	**7,100**	**4,685**	**74,512**

2016

	Environmental restatement €'000	Reorganisation and redundancy €'000	Insurance €'000	Other €'000	Total €'000
At beginning of the year	47,909	1,466	7,199	3,167	59,741
Provisions made during the year	2,262	7,259	1,750	2,534	13,805
Provisions used during the year	(3,752)	(1,296)	(2,008)	(731)	(7,787)
Provisions reversed during the year	(725)	–	(289)	(823)	(1,837)
Provisions released in respect of discontinued operations	–	(755)	–	–	(755)
Unwind of discount	1,089	–	–	–	1,089
Capitalised during the year	3,199	–	–	–	3,199
At end of the year	**49,982**	**6,674**	**6,652**	**4,147**	**67,455**
Amounts due as follows:					
Current	8,614	5,352	608	4,147	18,721
Non-current	41,368	1,322	6,044	–	48,734
Total	**49,982**	**6,674**	**6,652**	**4,147**	**67,455**

(a) Environmental Reinstatement

Environmental reinstatement costs include:
(i) Costs that will be incurred at the end of the economic lives of the peatlands. Under IAS 37, provision is made for these costs when the circumstances occur giving rise to the obligation under the Group's Integrated Pollution Prevention Control licence to decommission and reinstate the peatlands post peat production. The provision of €18.2 million as at 29 March 2017 (2016: €18.3 million) represents the present value of the expected future costs of decommissioning and reinstatement.

The majority of the obligation will unwind over a fourteen year timeframe but the exact timing of the liability is not certain. The group expects the majority of this provision will be utilised within fourteen years.

(ii) Environmental provisions of €7.1 million (2016: €7.3 million) recognised in accordance with IAS 37 in respect of the Group's assessment of environmental liabilities in relation to (a) the AES site which was in existence prior to the Group's acquisition of the business in May 2007; and (b) environmental obligations under existing waste licences at the AES facilities.

Item (a) will unwind in the medium term over the next three years. Item (b) will unwind over a twenty year timeframe.

(iii) The cost of maintaining the landfill facility post closure (2028) and the cost of capping existing engineered cells in use. The Group's estimate of minimum unavoidable costs measured at present value amount to €20.9 million at 29 March 2017 (2016: €16.9 million). The Group continues 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 after the expiry of the operational license.

(iv) Certain other environmental restoration costs of €2.1 million (2016: €2.1 million) are recognised in accordance with IAS 37, 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.

The majority of the obligation will unwind over a three year timeframe but the exact timing of the provisions is not certain.

Notes forming part of the financial statements
(continued)

18. Provisions (continued)

(v) A provision of €4.3 million (2016: €4.2 million) is made for power stations and wind-farm closure/decommissioning costs based on the present value of the current estimate of the costs of closure/decommissioning of generating stations at the end of their useful economic lives.

The majority of the obligation will unwind over a twenty year timeframe but the exact timing of the provisions is not certain.

(vi) A provision of €1.2 million (2016: €1.1 million) 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 majority of the obligations will unwind over a twenty five year timeframe but the exact timing of the provisions is not certain.

(vii) A provision of €4.3m (2016: Nil). The provision arising on the White Moss acquisition was €5.4 million with a closing balance of €4.3 million. Please refer to note 22 for more details.

The majority of the obligation will unwind over the next twelve months.

(b) Reorganisation and Redundancy

The Fuels business experienced a difficult trading year and the announcement of a nationwide ban on the sale of bituminous coal from 2018 onwards has resulted in the business formulating a restructuring plan and thereby creating a provision for the required restructure. In addition the implementation of a finance shared service centre and the rollout of the oracle e-business suite changes the finance delivery model and also resulted in a re-organisation of the finance team. A provision for reorganisation and redundancy costs is recognised when a constructive obligation exists. The directors have recognised a provision which represents their best estimate of the cost of these measures and it is expected to be utilised within the next year.

(c) Insurance

The insurance provision relates to employers, public and product liability claims covered under the Group's self-insurance policy. This provision is determined on completion of a case by case assessment. The provision includes a sum for incidents incurred but not reported at the balance sheet date.

(d) Other

Other provisions include various anticipated warranty and other costs.

19. Loans and borrowings

	29 March 2017 €'000	30 March 2016 €'000
Non Current Liabilities		
Unsecured loan notes	132,752	166,019
Revolving Credit facilities	11,576	–
Total	**144,328**	**166,019**
Current Liabilities		
Overdrafts	200	29,006
Unsecured loan notes and convertible loan note	42,095	75,862
Total	**42,295**	**104,868**

On 29 March 2017 the Group had US $188.0 million (€173.9 million equivalent) (2016: $273.0 million, €241.1 million equivalent) debt arising from two US private placement transactions, which were completed on 22 June 2006 (US $65.0 million) and 6 August 2009 (US $123.0 million). The Group entered into swaps to hedge interest and foreign exchange risk.

Offset against debt are loan arrangement fees of €0.02 million relating to US private placement debt (2016: €0.2 million) which are expensed over the period of the loans (10-12 years) as part of the effective interest.

During the year the group entered into a revolving credit facility for €125.0 million. Offset against the debt are loan arrangement fees of €0.9 million relating to the revolving credit facility.

20. Capital and reserves

Called up share capital and share premium

	29 March 2017 €'000	30 March 2016 €'000
Share capital	82,804	82,804
Share premium	1,959	1,959
Total	**84,763**	**84,763**
Authorised Share Capital		
300,000,000 ordinary shares of €1.27 each	**380,921**	**380,921**
Issued and full paid		
65,200,000 ordinary shares of €1.27 each	**82,804**	**82,804**

The company has one class of shares referred to as Ordinary shares. All shares rank equally. The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20. Capital and reserves (continued)

Nature and purpose of reserves

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. It also includes related deferred tax.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

21. 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.

22. Acquisitions

(a) Acquisition of White Moss Horticulture Limited

On 23 December 2016, the Group acquired the 100% of the share capital of White Moss Horticulture Limited ("White Moss") for £10.9 million (€12.1 million), satisfied in cash. White Moss manufactures quality compost and growing media products, made from recycled green materials. The primary reason for the business combination is to expand Group's Horticulture business in the United Kingdom where it already has significant customers and manage the potential risks of Brexit.

The acquisition had the following effect on the Company's assets and liabilities

A. White Moss Horticulture Limited

	Recognised values on acquisition €'000
Acquiree's net assets at the acquisition date:	
Property, Plant and Equipment	7,079
Intangible assets	–
Inventories	1,344
Trade and other receivables	906
Cash and cash equivalents	523
Interest-bearing loans and borrowings	(1,262)
Trade and other payables	(1,537)
Provisions*	(5,415)
Deferred tax liabilities	(273)
Contingent liabilities	–
Net identifiable assets and liabilities	1,365
Consideration paid:	
Initial cash price paid	12,083
Contingent consideration at fair value	–
Total consideration	12,083
Goodwill on acquisition	10,718

* On acquisition a provision of €5.4 million relating to the inventory and plant capacity issues noted post acquisition was recognised.

Goodwill that arose on acquisition was attributable to the profitability and development opportunities associated with the complementing and enhancing of White Moss' production and distribution channels.

Following an impairment test the goodwill related to the White Moss acquisition was impaired in full post acquisition. This was due to issues which were noted with respect to inventory and plant manufacturing capacity.

There were related write offs of inventory manufactured post acquisition of €1.4 million and professional expenses of €2.0 million were incurred in respect of the issues noted. Both these amounts are included in exceptional items in the income statement.

In the 3 months to 29 March 2017 the business generated turnover of €2.3 million and a net loss of €1.2 million (excluding goodwill impairments). If the acquisition had occurred on 30 March 2016, revenue would have been an estimated €11.8 million and net loss would have been an estimated €0.7 million excluding impairments.

Contingent consideration

The company has agreed to pay the vendors additional consideration based on the future performance of the White Moss business. In accordance with the Share Purchase Agreement a maximum additional amount of £2.2 million is payable to the vendor based on White Moss achieving certain EBITDA milestones over the 1 year period to 31 August 2017. No provision for contingent consideration has been made as the directors view is that it will not be paid.

Notes forming part of the financial statements
(continued)

22. Acquisitions (continued)

Acquisition related costs

The company incurred acquisition related costs of €1.3 million. These costs have been included in administrative expenses.

The following fair values are measured on a provisional basis:

- plant and machinery of €3.8 million
- provisions of €6.0 million

Management have performed an impairment test of Property Plant and Equipment in White Moss as an indication of impairment arises due to the issues noted in respect of inventory and plant manufacturing capacity as follows:

- Land and buildings with a carrying value of €3.4 million is supported by an independent valuation report. Management are satisfied that based on the valuation report that the market value of Land and Buildings exceeds its carrying value in the financial statements; and
- Management have performed a valuation of Plant and Machinery with a carrying value of €3.8 million. Management as satisfied that based on their valuation that the market value of Plant and Machinery exceeds its carrying value in the financial statements.

In determining an asset's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of property, plant and equipment. The estimates and assumptions used are based on historical experience, industry knowledge and other factors that are believed to be reasonable based on information available.

(b) Acquisition of Pacon business
On 30 April 2016, the Group acquired the trade assets and liabilities of the Pacon Skip Hire Business ("Pacon") for €1.3 million, satisfied in cash. The Pacon business acquired included the trade assets and customer lists. The primary reason for the business combination is to expand the Advanced Environmental Solutions (Ireland) Limited customer base.

The acquisition had the following effect on the Company's assets and liabilities.

B. Pacon skip hire business

	Recognised values on acquisition €'000
Acquiree's net assets at the acquisition date:	
Property, Plant and Equipment	864
Customer list	350
Trade and other payables	(270)
Net identifiable assets and liabilities	944
Consideration paid:	
Cash price paid	1,294
Total consideration	1,294
Goodwill on acquisition	350

Goodwill that arose on acquisition is attributable to the synergies that are anticipated to be obtained as part of the acquisition.

Acquisition related costs of €0.2 million were expensed to administration expenses.

In the 11 months to 29 March 2017 the business generated turnover of €1.8 million and a net profit of €0.4 million for the year. If the acquisition had occurred on 30 March 2016, revenue would have been an estimated €2.0 million and net profit would have been an estimated €0.4 million.

22. Acquisitions (continued)

Acquisitions in the prior year

There were no acquisitions in the prior year.

Cash flows in respect of acquisitions:

The following are the cashflows which arose in respect of acquisitions in the year ended 29 March 2017:

	Cashflows €'000
(a) White Moss Horticulture Limited	
Consideration paid	12,083
Cash assumed	(523)
(b) Pacon	
Consideration paid	1,294
Total consideration	12,854

23. Cash and cash equivalents

	29 March 2017 €'000	30 March 2016 €'000
Cash	16,116	98,174
Overdrafts	(200)	(29,006)
Cash and cash equivalents	**15,916**	**69,168**

24. Commitments

(a) Capital expenditure commitments

	29 March 2017 €'000	30 March 2016 €'000
Authorised and contracted for	2,307	5,629
Authorised and not contracted for	–	–
Total	**2,307**	**5,629**

(b) Operating lease commitments

The Group operating lease commitments primarily comprise obligations in relation to a fleet, motor vehicles & land and buildings. At the balance sheet date, the group has taken outstanding commitments under non-cancellable operating leases which fall due as follows:

	29 March 2017 €'000	30 March 2016 €'000
No later than one year	1,537	1,709
Later than one and not later than five years	3,119	2,325
Later than five years	1,404	1,433
Total	6,060	5,467

Notes forming part of the financial statements
(continued)

25. Subsidiaries and joint ventures

The following is a list of principal subsidiaries of the Group at 29 March 2017:

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of its Irish subsidiaries. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014. It has not guaranteed the liability of its joint ventures.

The company has a shareholding in the following companies:

Subsidiary undertaking	Business	Registered office	Shareholding
Bord na Móna Energy Limited	Production and sale of milled peat	Newbridge, Co Kildare	100%
Bord na Móna Allen Peat Limited	Production and sale of milled peat	Newbridge, Co Kildare	100%
Bord na Móna Powergen Limited1	Power Generation	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%
Edenderry Power Supply Company Limited	Wholesale distribution of electricity	Newbridge, Co Kildare	100%
Renewable Energy Ireland Limited	Power Generation	Newbridge, Co Kildare	100%
Mountlucas Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100%
Mountlucas Supply Company Limited	Business, wholesale distribution of electricity	Newbridge, Co Kildare	100%
Bruckana Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100%
Bruckana Supply Company Limited	Wholesale distribution of electricity	Newbridge, Co Kildare	100%
Bord na Móna Fuels Limited	Production, sale and distribution of solid fuels	Newbridge, Co Kildare	100%
BnM Fuels Limited	Production, sale and distribution of solid fuels	Newbridge, Co Kildare	100%
Suttons Limited	Dormant	Newbridge, Co Kildare	100%
Bord na Móna Horticulture Limited	Production and sale of horticultural products	Newbridge, Co Kildare	100%
Bord na Móna Environmental Limited	Environmental analytical services	Newbridge, Co Kildare	100%
White Moss Horticulture Limited	Production and sale of horticultural products	Kirby, Liverpool, England	100%
Bord na Móna Environmental Products (UK) Limited	Dormant	Bridgewater, Somerset, England	100%
Bord na Móna Environmental Products US Inc.	Dormant	Delaware, U.S.A.	100%
Bord na Móna Resource Recovery Limited	Resource recovery and recycling company	Newbridge, Co Kildare	100%
Advanced Environmental Solutions Limited	Resource recovery and recycling company	Newbridge, Co Kildare	100%
Midland Waste Limited	Property Rental	Newbridge, Co Kildare	100%
Bord na Móna Property DAC	Property holding company	Newbridge, Co Kildare	100%
Bord na Móna Treasury DAC*	Treasury Holdings	Newbridge, Co Kildare	100%
Derryarkin Sand and Gravel DAC	Extraction and sale of sand and gravel	Newbridge, Co Kildare	55%

* Shareholding held directly by Bord na Móna plc

Joint venture company	Business	Registered office	Shareholding
Oweninny Power DAC	Power Generation	St. Stephen's Green, Dublin 2	50%
Sliabh Bawn Wind Holdings DAC	Dormant	Newtown Mountkennedy, Co Kildare	50%
Sliabh Bawn Power DAC	Power generation	Newtown Mountkennedy, Co Kildare	50%
Sliabh Bawn Supply DAC	Wholesale distribution of electricity	Newtown Mountkennedy, Co Kildare	50%
Electricity Exchange DAC	Power generation	Co Limerick	50%

26. Retirement benefit obligations

	29 March 2017 €'000	30 March 2016 €'000
Total market value of pension scheme assets	333,052	320,388
Total present value of defined benefit obligations	(341,508)	(350,066)
Excess of scheme obligations over assets	(8,456)	(29,678)
Members share of surplus on RWESS scheme	(7,933)	(4,540)
Employee retirement benefit obligations before tax	**(16,389)**	**(34,218)**

The net defined benefit liability of €16.4 million (2016: €34.2 million) comprises defined benefit pension schemes in an asset position of €7.9m (2016: €4.5m) and defined benefit schemes in a deficit of €24.3 million (2016: €38.7 million). The pension asset and liability are shown separately in the Group balance sheet as €7.9 million and €24.3 million respectively.

(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, Stafford North East, Sutton Group and Sheehan and Sullivan.

On retirement from one of the defined benefit schemes a member is entitled to a pension equal to the number of pensionable years' service divided by 80 of net retiring salary and a gratuity equal to 3/80 of retiring salary for each year of pensionable service.

Bord na Móna plc had awarded unfunded pension benefits to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the balance sheet at €4.133 million based on an actuarial valuation at 29 March 2017 (March 2016: €4.284 million).

Actuarial valuations and funding position of schemes
The actuarial method used (aggregate method) determines a contributory 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 funding valuation for the GESS and RWESS schemes are dated 31 March 2014 and the BnM Fuels scheme valuation dated 1 April 2015. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 2.75% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €285.5 million.

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

1. A deficit of €40.8 million on the GESS scheme
2. A deficit of €4.8 million on the RWESS scheme
3. A deficit of €1.4 million on the BnM Fuels scheme

At March 2014 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 71%, 97% and 74% of the benefits that had accrued to the members of the GESS, RWESS and BnM Fuels schemes respectively at the valuation dates.

Liabilities are computed using the projected unit credit method. In common with many other defined benefit pension schemes, two of the defined benefit plans are in net deficits but one of the schemes is now in surplus, 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 is in place since 2010, with the Group and active members paying an additional annual sum of €0.5 million of their pensionable salary.

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 29 March 2017 was €8.5 million and the Group will meet the capital cost by way of fixed annual capital payments of €1.0 million by 30 June over a period of no more than twelve years. No additional liability has been recognised over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

In the prior year, a GESS funding proposal to address the scheme deficit was approved by the Board, shareholders, active members and the Pension Board in May 2015. The revised funding arrangement requires a number of changes to the scheme, namely:

(i) Three year pensionable salary freeze from April 2013 until April 2016.
(ii) Pensionable salary cap until November 2023 restricted to CPI or a maximum rate increase of 2% whichever is the lower.
(iii) A Section 50 cut to the order of 10% to deferred members' benefits.
(iv) Pensionable salary A Section 50 adjustment to pensions-in-payments in line with 2013 priority order legislation.
(v) The scheme remains open to future accrual.

In addition to the scheme changes, the Group will make payments of €36 million (€20.4 million paid to date) over an eight year period, with a payment of €10.2 million made in May 2015, a payment of €5.1 million made in May 2016 and May 2017. The impact of the above changes on scheme benefits was a past service credit of €10.7 million shown in the income statement during the year. No additional liability has been recognised for the funding commitments over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

Notes forming part of the financial statements
(continued)

26. Retirement benefit obligations (continued)

The BnM Fuels pension scheme is closed to future accrual with effect from June 2013. An approved funding proposal for Group contributions of €2.3 million was agreed with all parties with annual payments until December 2023. Included in other accruals (note 16) is an additional liability of €0.432 million (2016: €0.432 million) which has been recognised over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

The Group expects to pay €9.3 million in contributions to its defined benefit plans in the year ended 28 March 2018.

Movement in net defined benefit liability

	Defined benefit liability		Fair Value of Plan assets		Net Defined benefit obligation	
	29 March 2017 €'000	30 March 2016 €'000	29 March 2017 €'000	30 March 2016 €'000	29 March 2017 €'000	30 March 2016 €'000
Balance at the beginning of the financial year	(354,607)	(389,341)	320,389	321,974	(34,218)	(67,367)
Included in income statement	–					
Current Service Costs (included in wages and salaries)	(2,250)	(3,071)	–	–	(2,250)	(3,071)
Interest Cost (included in finance expense)	(5,229)	(4,865)	–	–	(5,229)	(4,865)
Interest Income (included in finance expense)	–	–	4,800	4,059	4,800	4,059
Past service credit	–	10,700	–	–	–	10,700
	(7,479)	2,764	4,800	4,059	(2,679)	6,823
Included in other comprehensive income						
Remeasurements Actuarial Gain/(loss) arising from:						
Financial Assumptions	590	22,021	–	–	590	22,021
Experience adjustment	3,081	4,155	–	–	3,081	4,155
Return on plan assets excluding interest income	–	–	10,673	(10,198)	10,673	(10,198)
Impact of members' share of surplus	(3,393)	(4,540)	–	–	(3,393)	(4,540)
	278	21,636	10,673	(10,198)	10,951	11,438
Other						
Contributions by members	(2,698)	(2,861)	2,698	2,861	–	–
Contributions paid by the employer	–	–	9,557	14,888	9,557	14,888
Benefits paid	15,065	13,195	(15,065)	(13,195)	–	–
	12,367	10,334	(2,810)	4,554	9,557	14,888
Balance at end of financial year	**(349,441)**	**(354,607)**	**333,052**	**320,389**	**(16,389)**	**(34,218)**

(a) Plan assets

	29 March 2017 €'000	30 March 2016 €'000
Equity securities	99,194	105,607
Bonds	105,929	141,411
Property	22,056	20,935
Cash	67	49,267
Alternatives	105,806	3,169
	333,052	320,389

All equity securities and bonds have quoted prices in active markets. All government bonds are issued by European governments and are rated AAA or AA. Property assets are based in Ireland. The investments in the RWESS, GESS and BNM Fuels scheme include an increased allocation to bonds which match the profile of some benefit obligations. The investment strategy is to divest from equities and move the funds to bonds and absolute return funds.

(b) Investment Strategy

(i) GESS – The plan is to move to a 100% matched position over the term of the funding plan to 2023. The scheme uses passive management for both equities and bonds, with active managers being used for absolute return/diversified growth funds and alternative long term assets. Currently the holding is 28% match assets, 68% growth assets and 4% transition assets which we will reallocate to matching based on market conditions.

(ii) RWESS – At present the asset allocation is 34% matched assets, 42% growth assets and 24% transition assets which will reallocate to matching based on market conditions.

(iii) BnM Fuels Scheme – At present the scheme holds 34% in matching assets, 49% in growth assets and 17% transition assets which we will reallocate to matching based on market conditions. The scheme uses passive management for both equities and bonds with active managers being used for absolute return/diversified growth funds.

26. Retirement benefit obligations (continued)

(b) Defined benefit obligation

(i) Actuarial assumptions

	2017	2016
Discount rate	1.70%	1.50%
Inflation rate (CPI)	1.30%	1.00%
Rate of increase in salaries	1.80%	1.50%
Rate of increase in pensions in payment - RWESS	1.00%	0.75%
Rate of increase in pensions in payment - GESS	0.00%	0.00%
RWESS		
Life expectancy at age 65 for pensioners currently aged 65 years		
Male	20.5	20.5
Female	23.4	23.4
Other		
Life expectancy at age 65 for pensioners currently aged 65 years		
Male	21.2	21.1
Female	23.7	23.6
RWESS		
Life expectancy at age 65 for pensioners currently aged 45 years		
Male	20.5	20.5
Female	23.4	23.4
Other		
Life expectancy at age 65 for pensioners currently aged 45 years		
Male	23.7	23.6
Female	25.8	25.7

At 29 March 2017, the weighted average duration of the defined benefit obligation was years 13 (2016: 14 years).

(ii) Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligation by the amounts shown.

Impact in thousands of euro on liabilities

	2017	%
Discount rate (0.25% increase)	(11,081)	-5%
Salary inflation (0.25% increase)	11,118	-9%
Pension escalation (0.25% increase)	16,873	-10%

Impact in thousands of euro on liabilities

	2016	%
Discount rate (0.25% increase)	(16,408)	-5%
Salary inflation (0.25% increase)	1,529	0.4%
Pension escalation (0.25% increase)	4,211	1%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes forming part of the financial statements
(continued)

27. Related party disclosure

(a) Transactions with key management personnel

(i) Key management personnel compensation
Key management personnel comprises the Worker Participation directors, non-executive directors, and the executive director. The compensation attributable to these personnel comprised the following:

	29 March 2017 €'000	30 March 2016 €'000
Short-term employee benefits	724	724
Post-Employment benefits	66	78
Other long term benefits	–	–
Termination Benefits	–	–
Share-based Payments	–	–
	790	802

(ii) Key management personnel interests
See note 5 for information on the interests of the directors in the ordinary shares of the Company.

(iii) Key management personnel transactions
There are no key management personnel transactions other than disclosed above.

(b) Parent and ultimate controlling party

Bord na Móna plc is a state owned company. 95% of the issued share capital is held by the Minister for Finance (whose shares stand transferred to the Minister for Public Expenditure and Reform under the Ministers and Secretaries Act 2011). The other 5% is held by Bord na Móna ESOP on behalf of the employees.

(c) Other related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Bord na Móna provide services amounting to €0.06 million (2016: 0.06 million) in the areas of planning, project management, legal, finance and administration to its joint ventures. These services are charged in accordance with arrangements agreed between the joint venture shareholders. The joint ventures owed the group €7.3 million (2016: €7.3 million) at 29 March 2017. During the period the joint venture shareholders advanced loans of €1.4 million to the shareholders.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods and 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 29 March 2017 amounted to €77.5 million (2016: €133.5 million) and amounts due from these entities to the Group at 29 March 2017 for these services amounted to €7.4 million (2016: €8.0 million).

From time to time the Group placed monies on deposit with financial institutions controlled by the State. At year end the Group had no monies on deposit (2016: €15.6 million with Allied Irish Banks plc at 0.01%).

(d) Dividends

	29 March 2017 €'000	30 March 2016 €'000
To the Minister for Finance	4,270	9,634
To Bord Na Móna ESOP Trustee Limited	225	507
	4,495	10,141

The Company paid a dividend of €0.0689 (2016: €0.1555) per share during the year. The total dividend payment for the year was €4.495 million (2016: €10.141 million).

28. Financial Instruments and risk management (continued)

(a) Accounting classifications and fair value

	Carrying Amount				Fair Value			
	Loans and receivables €'000	Liabilities at amortised cost €'000	Fair value hedging instruments €'000	Total carrying amount €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
29 March 2017								
Trade receivables	42,603	–	–	42,603	–	–	–	–
Assets held for sale	37,968	–	–	37,968	–	–	37,968	37,968
Cash and cash equivalents	16,116	–	–	16,116	–	–	–	–
Accrued revenue	24,322	–	–	24,322	–	–	–	–
Other receivables	6,890	–	–	6,890	–	–	–	–
Trade payables	–	(62,020)	–	(62,020)	–	–	–	–
Other payables	–	(23,742)	–	(23,742)	–	–	–	–
Swap derivatives	–	–	35,933	35,933	–	35,933	–	35,933
Unsecured loan note	–	(174,847)	–	(174,847)	–	–	–	–
Revolving credit facility	–	11,576	–	11,576	–	–	–	–
Overdrafts	–	(200)	–	(200)	–	–	–	–
	127,899	(249,233)	35,933	(85,401)	–	35,933	37,968	73,901

	Carrying Amount				Fair Value			
	Loans and receivables €'000	Liabilities at amortised cost €'000	Fair value hedging instruments €'000	Total carrying amount €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
30 March 2016								
Trade receivables	41,996	–	–	41,996	–	–	–	–
Investment property	34,000			34,000	–	–	34,000	34,000
Cash and cash equivalents	98,174	–	–	98,174	–	–	–	–
Accrued Revenue	23,700	–	–	23,700	–	–	–	–
Other receivables	7,562	–	–	7,562	–	–	–	–
Trade Payables	–	(65,760)	–	(65,760)	–	–	–	–
Other Payables	–	(29,776)	–	(29,776)	–	–	–	–
Swap derivatives	–	–	37,749	37,749	–	37,749	–	37,749
Unsecured loan note	–	(241,881)	–	(241,881)	–	–	–	–
Overdrafts	–	(29,006)	–	(29,006)	–	–	–	–
Assets held for sale	1,968	–	–	1,968	–	–	1,968	1,968
	207,400	(366,423)	37,749	(121,274)	–	37,749	35,968	73,717

Estimation of fair values
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

Cash and cash equivalents including the short-term bank deposits
For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

Trade and other receivables/payables
For the receivables and payables with a remaining term of less than one year or demand balances, the carrying amount less impairment allowances, where appropriate, is a reasonable approximation of fair value.

Loans
For private placement debt and borrowings the fair value is calculated based on discounted future principal and interest cash flows.

Interest rate swaps
For interest rate swaps the fair value is calculated based on discounted cash flow techniques.

Investment Property
Investment property falls within Level 3 fair value as defined by IFRS 13, please refer to note 11.

Notes forming part of the financial statements
(continued)

28. Financial Instruments and risk management (continued)

(a) Financial risk management

The Group's operations expose each to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the Group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the Group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Financial risk management

The Group Risk and Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk and Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk and Audit Committee.

(c) Credit risk

Exposure to credit risk
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is vetted individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Credit limits in excess of €200,000 are reviewed biannually between the businesses and senior management in group.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry and existence of previous financial difficulties.

Impairment of receivables is provided for on individual receivable accounts when the overdue debt exceeds certain time limits.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group has credit insurance in place to minimise the credit risk. The Group does not otherwise require collateral in respect of trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

(c) Credit risk

	29 March 2017 €'000	30 March 2016 €'000
Group		
Ireland	27,215	27,096
UK	12,070	12,638
Rest Of Europe	4,969	4,239
	44,254	43,973

The ageing of Trade Receivables was as follows:

	Gross €'000	Impairment €'000	Net Receivables €'000
At 29 March 2017			
Group			
Not Past Due	36,838	–	36,838
Past Due < 90 days	2,826	182	2,644
Past Due > 90 days	4,590	1,469	3,121
	44,254	1,651	42,603
At 30 March 2016			
Group			
Not Past Due	40,130	–	40,131
Past Due < 90 days	2,702	898	1,804
Past Due > 90 days	1,141	1,080	61
	43,973	1,978	41,996

28. Financial instruments and risk management (continued)

Management believes that the carrying amounts are collectable in full.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	€'000
Balance at 25 March 2015	3,853
Impairment loss recognised	(909)
Utilisation of the provision	(966)
Balance at 30 March 2016	1,978
Impairment loss reversal	(327)
Utilisation of the provision	–
Balance at 29 March 2017	1,651

Cash and short term bank deposits
The Group is exposed to credit risk from the counterparties with whom it places its bank deposits. The Group is satisfied that the credit risk associated with its deposits is not significant. The carrying amount of financial assets, net of impairment provisions, represents the group's maximum credit exposure.

The cash and cash equivalents are held with Bank of Ireland who has a credit rating of B or higher.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Unsecured loan notes

Interest of €14.0 million was charged on €207.5 million of average unsecured loan notes in 2017. In 2016, interest of €17.3 million was charged on average unsecured loan notes of €203.6 million.

Available liquidity

The group has the following undrawn overdraft and loan facilities.

	Drawn amount at 29 March 2017	Total of facility	Available Headroom
Facility			
Revolving credit facility	11,576	150,000	138,424
Bank overdraft	200	40,000	39,800
Total	**11,776**	**190,000**	**178,224**

The Company and certain subsidiary companies have entered into a "Cashpool Agreement" with their principal bankers. The Cashpool Agreement includes guarantees and a master netting agreement in respect of specified accounts contained within that agreement.

Contractual Maturities

The following are the contractual maturities of the Group financial liabilities, including estimated interest payments.

	Carrying Amount €'000	Contractual Cash Flows €'000	Less than 1 Year €'000	1-2 Years €'000	2-5 Years €'000	More than 5 Years €'000
At 29 March 2017						
Borrowings:						
Unsecured Loan Notes	174,847	(196,273)	(52,824)	(68,014)	(75,435)	–
Related Derivatives	(36,159)	41,990	12,825	11,616	17,549	–
Total	**138,688**	**(154,283)**	**(39,999)**	**(56,398)**	**(57,886)**	**–**
Other contractual maturities:						
Trade and Other Payables	85,762	(85,762)	(85,762)	–	–	–
Bank Overdraft	200	(200)	(200)	–	–	–
Total	**85,962**	**(85,962)**	**(85,962)**	**–**	**–**	**–**

Notes forming part of the financial statements
(continued)

28. Financial instruments and risk management (continued)

	Carrying Amount €'000	Contractual Cash Flows €'000	Less than 1 Year €'000	1-2 Years €'000	2-5 Years €'000	More than 5 Years €'000
At 30 March 2016						
Borrowings:						
Unsecured Loan Notes	241,881	(276,469)	(90,180)	(50,137)	(136,152)	–
Related Derivatives	(37,481)	45,863	13,857	10,139	21,867	–
Total	**204,400**	**(230,606)**	**(76,323)**	**(39,998)**	**(114,285)**	
Other contractual maturities:						
Trade and Other Payables	95,536	(95,536)	(95,536)	–	–	–
Bank Overdraft	29,006	(29,006)	(29,006)	–	–	–
Total	**124,542**	**(124,542)**	**(124,542)**			

(e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the Group and Company's income or the value of its holdings of financial instruments.

(i) Foreign exchange rate risk
The Group is exposed to translation foreign exchange rate risk on its UK operations, transaction exchange rate risk on purchases and sales and transaction exchange rate risk on its unsecured loan note. The effect of the translation of foreign operation risk and transaction exchange rate risk on purchase and sales are not considered material to the Group.

The effect of the foreign exchange transaction rate risk on the unsecured loan notes is, however, material. On 29 March 2017 the group had US$188 million fixed rate debt arising from two US private placement transactions, which were completed on 22nd June 2006 (US$65 million) and 6 August 2009 (US$123 million). The Group has entered into swap agreements to mitigate this risk entirely. The private placement debt in place is at fixed interest rates and the group has entered into derivatives that swap the US$ interest and principal repayments into fixed euros. Therefore, in relation to the debt the Group has in substance no exposure to movements in foreign exchange rate movements or interest rate movements.

(ii) Commodity price risk
The Group entered into a fuel hedging contract and fixed the price for road and tractor diesel. The contract expired on 29 March 2017.

	29 March 2017 €'000	30 March 2016 €'000
Foreign exchange impact		
Unsecured loan notes	(10,110)	7,806
Effect of derivative financial instruments	10,110	(7,806)
Total	–	–

Contractual Maturities

	29 March 2017		30 March 2016	
	€'000	€'000	€'000	€'000
	USD	GBP	USD	GBP
Trade Receivables	–	10,410	49	7,887
Trade Payables	(192)	(2,433)	(126)	(3,146)
Net balance sheet exposure	**(192)**	**7,977**	**(77)**	**4,741**
Net six months forecast sales	–	18,821	–	18,245
Next six months forecast purchases	–	(17,689)	–	(10,549)
Net forecast transaction exposure	**–**	**1,132**	**–**	**7,696**
Forward exchange contracts	–	–	–	–
Net Exposure	**(192)**	**9,109**	**(77)**	**12,437**

28. Financial instruments and risk management (continued)

The following significant exchange rates have been applied during the year

	Average rate		Year end spot	
	2017	2016	2017	2016
USD	1.0689	1.1032	1.0748	1.1324
GBP	0.8668	0.7321	0.8639	0.7858

Sensitivity analysis

The group have no material exposure to movements in US dollars. A reasonably possible strengthening (weakening) of the Sterling against Euros at 29 March 2017 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Wednesday, 29 March 2017				
GBP (+/-5% Movement)	567	(513)	–	–
Wednesday, 30 March 2016				
GBP (+/-5% Movement)	317	(288)	–	–

29. Discontinued operations

The termination of the Anua operations in Ireland, the United Kingdom and the United States was completed in March and April 2015.

	29 March 2017 €'000	30 March 2016 €'000
A. Results of discontinued operation		
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Expenses	–	987
Income Tax	–	(94)
Results from operating activities, net of tax	–	**893**
Profit/(loss) on Termination	–	–
Profit/(loss) from discontinued operation net of tax	–	**893**
B. Cash flows from (used in) discontinued operation		
Net cash used in operating activities	–	893
Net cash from investing activites	–	–
Net flow cash for the year	–	**893**
C .Effect of disposal on the financial position of the Group		
Property, plant and equipment	–	–
Inventories	–	–
Trade and other receivables	–	–
Cash and cash equivalents	–	–
Trade and other payables	–	893
Provisions	–	–
Net Liabilities	–	893
Consideration received, satisfied in cash	–	
Net cash flow	–	**893**

30. Subsequent 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.

31. Approval of financial statements

The financial statements of the Company were approved by the directors on 22 June 2017.

Financial Statements of the Company

For the year ended 29 March 2017

Company Balance Sheet

For the year ended 29 March 2017

	Note	29 March 2017 €'000	30 March 2016 €'000
Non current assets			
Property, plant and equipment	32 (C)	6,204	6,762
Intangible assets	32 (D)	15,296	14,942
Investment Property	11	–	–
Financial assets	32 (B)	88,093	88,257
Derivative financial instruments	28	35,933	37,749
Retirement benefit asset	32 (J)	7,933	4,540
		153,459	152,250
Current assets			
Trade and other receivables - amounts falling due after more than one year	32 (E)	252,179	327,957
Trade and other receivables - amounts falling due within one year	32 (E)	79,412	38,466
Cash at bank and in hand		–	56,529
Assets held for sale	11	37,967	–
Current assets		**369,558**	**422,952**
Trade and other payables: amounts falling due within one year	32 (F)	**(223,122)**	**(296,575)**
Net current assets		**146,436**	**126,377**
Total assets less current liabilities		**299,895**	**278,627**
Trade and other payables: amounts falling due after more than one year	32 (G)	(134,951)	(166,019)
Provisions:			
Retirement benefit obligations	32 (J)	(24,185)	(37,826)
Deferred tax	32 (H)	(6,168)	(401)
Other	32 (I)	(11,991)	(10,875)
Net assets after retirement benefit obligations		**122,600**	**63,506**
Capital and reserves			
Called-up share capital	20	82,804	82,804
Share premium	20	1,959	1,959
Cash flow hedge reserve		(224)	233
Profit and loss account		38,061	(21,490)
Equity shareholders funds		**122,600**	**63,506**

The accompanying notes are an integral part of these financial statements

Signed on behalf of the Board of Directors

John Horgan
Chairman

Mike Quinn
Director

22 June 2017

Company Statement of Changes in Equity

For the year ended 29 March 2017

	Share Capital €'000	Share premium €'000	Cash flow hedge reserves €'000	Retained Earnings €'000	Total €'000
At 25 March 2015	82,804	1,959	3,144	(17,315)	70,592
Total Comprehensive income					–
Loss for the year	–	–	–	(3,812)	(3,812)
Other comprehensive income					–
Remeasurements of defined benefit liability	–	–	–	9,778	9,778
Cash flow hedge - effective portion changes in fair value	–	–	(5,637)	–	(5,637)
Cash flow hedge - reclassified to profit or loss (cash payments)	–	–	(4,104)	–	(4,104)
Cash flow hedge - reclassified to profit or loss (foreign exchange)	–	–	6,830	–	6,830
Transactions with owners of the company					
Dividends	–	–	–	(10,141)	(10,141)
At 30 March 2016	82,804	1,959	233	(21,490)	63,506
Total Comprehensive income					
Loss for the year	–	–	–	(12,507)	(12,507)
Other comprehensive income	–	–	–	–	–
Remeasurements of defined benefit liability	–	–	–	9,053	9,053
Cash flow hedge - effective portion changes in fair value	–	–	11,957	–	11,957
Cash flow hedge - reclassified to profit or loss (cash payments)	–	–	(3,568)	–	(3,568)
Cash flow hedge - reclassified to profit or loss (foreign exchange)	–	–	(8,846)	–	(8,846)
Transactions with owners of the company					
Dividends	–	–	–	63,005	63,005
At 29 March 2017	**82,804**	**1,959**	**(224)**	**38,061**	**122,600**

The accompanying notes are an integral part of these financial statements

Bord na Móna Plc. Company Notes

32. (a) Statement of compliance

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). The Company financial statements have adopted certain disclosure exemptions available under FRS 101. These include:

- a cashflow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

32. (b) Financial assets

	Subsidiary Takings			
	Unlisted Shares €'000	Convertible loan stock €'000	Loans €'000	Total €'000
At the beginning of the financial year	11	480	87,766	88,257
Acquired during year	–	–	–	–
Repayment during the year	–	–	(164)	(164)
At the end of the financial year	11	480	87,602	88,093

At 29 March 2017 the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised in 2017 (2016: €nil). A list of the entity's subsidiary undertakings is set out in note 25.

32. (c) Property Plant & Equipment

	Bogland, drainage and production buildings €'000	Railways, plant and Machinery €'000	Freehold Land, administration and research buildings €'000	Asset in course of construction €'000	Total €'000
At cost					
At beginning of the financial year	559	2,876	9,297	–	12,732
Reclassification	–	(88)	88	–	–
Additions at cost	–	140	18	270	428
Disposals	–	–	–	–	–
Transfer out of assets in course of construction	–	33	237	(270)	–
At end of the financial year	**559**	**2,961**	**9,640**	**–**	**13,160**
Depreciation and impairment					
At beginning of the financial year	–	2,386	3,584	–	5,970
Reclassification	–	(1,031)	1,031	–	–
Charge for the year	–	544	442	–	986
Disposals	–	–	–	–	–
At end of the financial year	**–**	**1,899**	**5,057**	**–**	**6,956**
Carrying amount					
At 29 March 2017	559	1,062	4,583	–	6,204
At 30 March 2016	559	490	5,713	–	6,762

Bord na Móna Plc. Company Notes
(continued)

32. (d) Intangible Assets

	Assets in course of construction €'000	Software €'000	Total €'000
The Group			
Cost			
At beginning of the year	5,749	20,266	26,015
Additions	6,614	44	6,658
Transfers out of assets under construction	(11,605)	7,606	(3,999)
Disposals	–	–	–
At end of the year	758	27,916	28,674
Amortisation and impairment			
At beginning of the year	–	11,073	11,073
Charge for year	–	2,305	2,305
At end of the year	–	13,378	13,378
Carrying amount			
At 29 March 2017	758	14,538	15,296
At 30 March 2016	5,749	9,193	14,942

Assets in the course of construction relate to the design and build of I.T applications. During the year the oracle e-business suite was capitalised, €7.6 million related to the Company. The balance of €4.0 million was recharged to the Horticulture (€2.75 million) and Fuels (€1.25 million) businesses. At year end the Resource Recovery oracle build remains as an asset under construction and deployed at the end of March.

32. (e) Trade and other receivables

	29 March 2017 €'000	30 March 2016 €'000
Trade receivables	245	248
Accrued revenue	70	14
Amounts due from group companies	323,441	364,162
Amounts owed by joint ventures	162	307
Value - added tax	5,313	-
Prepayments	1,428	1,177
Other debtors	932	515
Total	**331,591**	**366,423**
Amount due as follows:		
Within one year	79,412	38,466
After more than one year	252,179	327,957

32. (f) Trade and other payables: amounts falling due within one year

	29 March 2017 €'000	30 March 2016 €'000
Unsecured loan notes (note 19)	41,240	74,872
Bank overdrafts (note 19)	3,727	25,326
Convertible loan note (note 19)	855	990
Capital grants (note 17)	567	545
Trade payables	16,215	8,328
Deferred revenue	131	131
Accruals	4,058	8,089
Other creditors	323	264
Amounts due to Group companies	144,166	172,172
Amounts due to Subsidiary companies	6,614	-
Creditors in respect of taxation and social welfare	5,226	5,858
Total	**223,122**	**296,575**
Creditors in respect of taxation and social welfare comprise		
Income tax deducted under PAYE	1,336	1,681
Pay-related social insurance	1,071	1,201
Corporation tax	2,625	-
Value added tax	194	2,976
Total	**5,226**	**5,858**

32. (g) Trade and other Paybles: amounts falling due after one year

	29 March 2017 €'000	30 March 2016 €'000
Unsecured Loan Notes (note 19)	132,752	166,019
Amounts due to group companies	2,199	-
Total	**134,951**	**166,019**

32. (h) Deferred tax

	29 March 2017 €'000	30 March 2016 €'000
At beginning of financial year	401	(2,485)
Recognised in profit or loss	1,494	2,946
Recognised in OCI	4,273	1,331
Recognised in equity	-	(1,391)
At end of financial year	6,168	401

Bord na Móna Plc. Company Notes
(continued)

32. (i) Provisions

	Environment Reinstatement €'000	Insurance €'000	Redundancy & reorganisation €'000	Other €'000	Total €'000
At cost					
At beginning of financial year	2,138	6,652	2,085	–	10,875
Charge to the profit and loss account	–	1,750	–	1,200	2,950
Credit to the profit and loss account	–	(9)	–	–	(9)
Utilised during the year	(15)	(1,293)	(517)	–	(1,825)
At end of the financial year	**2,123**	**7,100**	**(517)**	**1,200**	**11,991**
Amount due as follows:					
Within one year	–	1,465	1,568	1,200	4,233
After more than one year	2,123	5,635	–	–	7,758
At end of the financial year	**2,123**	**7,100**	**1,568**	**1,200**	**11,991**

For further detail on the above provisions, see note 18 in the group financial statements.

32. (j) Pension fund liabilities

As outlined in note 26, there are two pension schemes held on the statement of financial position of Bord na Móna plc (RWESS and GESS). In addition to this, the unfunded scheme is also recognised on the statement of financial position. The third pension scheme (BnM Fuels pension scheme) has been recognised on the statement of financial position of Bord na Móna Fuels Limited. Information has been provided on these pension schemes as per note 26 of the consolidated financial statements. As there are no material differences between the information given in the consolidated notes and the company information it has been chosen not to reproduce this information.

32. (k) Approval of financial statements

The financial statements were approved by the directors on 22 June 2017.

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