

BORD NA MÓNA 

Annual Report 2008/2009

Q&A

A NEW CONTRACT WITH NATURE

VISION

A NEW CONTRACT WITH NATURE

MISSION

WE CONDUCT OUR AFFAIRS WITH OPENNESS, HONESTY AND INTEGRITY.

WE ARE IRELAND'S LEADING ENVIRONMENTALLY RESPONSIBLE INTEGRATED UTILITY SERVICE PROVIDER ENCOMPASSING ELECTRICITY, HEATING SOLUTIONS, RESOURCE RECOVERY, WATER, HORTICULTURE AND RELATED SERVICES. WE CAPITALISE ON INTERNATIONAL OPPORTUNITIES WHERE WE HAVE A COMPETITIVE ADVANTAGE.

WE ACHIEVE CONTINUING GROWTH THROUGH SUPERIOR CUSTOMER SERVICE, OUTSTANDING QUALITY AND INNOVATION DELIVERED THROUGH EXCELLENCE AND COMMITMENT OF OUR PEOPLE.

WE ENGAGE IN SUSTAINABLE, PROFITABLE BUSINESS IN THE COMMUNITIES WE SERVE, WHICH IS REWARDING AND CHALLENGING FOR EMPLOYEES AND OTHER STAKEHOLDERS.

CONTENTS

HOW DID WE PERFORM?	1
CHAIRMAN'S STATEMENT	2
MANAGING DIRECTOR'S REVIEW	
– OPERATIONAL, FINANCIAL AND BUSINESS REVIEW	4
SUSTAINABILITY AND 'A NEW CONTRACT WITH NATURE'	20
THE BOARD	22
DIRECTORS' REPORT	24
SENIOR MANAGEMENT	28
INDEPENDENT AUDITORS' REPORT	29
ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES	30
FINANCIAL STATEMENTS	34
APPENDICES: PRODUCTION AND SALES STATISTICS	62
SUMMARY OF FINANCIAL STATISTICS	63
BUSINESS ADDRESSES	64

PRN Number: A9/0685

HOW DID WE PERFORM?

Group Performance Indicators

Financial summary

	% Change	2008/2009 €'000	2007/2008 €'000
Turnover	8.2%	401,567	371,226
Earnings before interest, tax, depreciation and amortisation (EBITDA)	9.9%	57,256	52,080
Operating profit before reorganisation and redundancy costs and share based payments	39.6%	36,743	26,326
Operating profit	5.8%	23,776	22,482
Profit before tax	-1.5%	19,520	19,825
Profit after tax	-7.5%	15,522	16,776
Shareholders' funds	-15.2%	198,558	234,200
Net borrowings	-41.8%	55,964	96,165

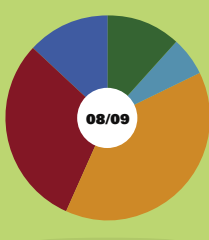
Ratios

	2008/2009	2007/2008
Operating profit/turnover	5.9%	6.1%
Gross return on net capital employed	7.2%	6.9%
Debt/Equity	28%	41%
EBITDA/Interest cover (times)	14.6	11.4
Current ratio (times)	1.7	2.2

	2008/2009	2007/2008
Payroll costs €'000 (gross of employers' pension costs)	108,945	104,109
Payroll costs €'000 (net of employers' pension costs)	105,872	100,611
Numbers employed at peak	2,366	2,336
Average employment numbers	2,064	2,035

TURNOVER 2008/2009 (€ MILLION)

Horticulture	47.6
Environmental & other	23.8
Fuels	156.7
Energy	121.5
Resource Recovery	52.0



VALUE OF THIRD-PARTY SALES BY PRODUCT (€ MILLION)

Milled peat	64.8
Electricity	56.7
Manufactured Horticultural Products	47.6
Briquettes	44.7
Coal	66.1
Convenience Fuels Products	10.0
Oil	35.9
Environmental	18.6
Resource Recovery	52.0
Other	5.2

PRODUCTION STATISTICS ('000)

Milled peat	08/09	2,910	Tonnes
	07/08	2,536	Tonnes
Horticultural peat products	08/09	1,701	Cubic Metres
	07/08	1,889	Cubic Metres
Briquettes	08/09	217	Tonnes
	07/08	209	Tonnes

HOW WILL WE DELIVER OUR VISION?

It is with great pleasure that I present my annual report as Chairman of Bord na Móna plc. I am pleased to report that Bord na Móna performed successfully in 2008/2009 and continued to make progress on its path of strategic growth and development. The Group took further important steps in its strategy in the energy and resource recovery sectors while continuing to maximise returns from its traditional businesses. The Group also continues to deliver good value to its shareholders.



In the year ended in March 2009, Bord na Móna achieved significant milestones towards delivering our vision for the Group, including:

- The implementation of the Bord na Móna Employee Share Ownership Plan which was completed in December 2008;
- The restructuring of our horticulture business and the reorganisation of our manufacturing operations at Kilberry, Co Kildare;
- The acquisition of the Goff Recycling business to increase the geographical reach and enhance the range of service offered to customers by our Resource Recovery business;
- Obtaining planning and other permits to enable our Resource Recovery site at Drehid, Co Kildare to handle 360,000 tonnes of material annually;
- Obtaining planning, grid connection and licensing for the construction of a 116 Megawatt Peaking Plant installation at Edenderry;
- Innovation Centre formation and implementation of open innovation model;
- Land and Property Division formation.

The financial results showed turnover at a record level of €401.6 million for 2008/2009, up 8% on 2007/2008, reflecting in particular increased sales revenue generated by the Fuels and Energy businesses and from the first full year of operation of the Resource Recovery Centre at Drehid. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) were €57.3 million, up €5.2 million on 2007/2008. However this figure is stated after once-off costs of €6.1 million for an ESOP charge and €5.6 million in relation to the restructuring of the horticultural business and other redundancy costs of €1.3 million which were incurred during the year. The operating profit for the year at €23.8 million was €1.3 million up on the previous year and prior to the once-off costs stated previously the operating profit was €10.4 million up on the previous year. Profit before tax in 2008/2009 at €19.5 million compares with €19.8 million for 2007/2008 and profit after tax in 2008/2009 at €15.5 million compares with €16.8 million in 2007/2008.

Notwithstanding our success in 2008/2009, Bord na Móna is subject to the same challenges faced by all businesses in the current challenging economic environment. Reflecting that, the Board decided that to effect pay increases in this environment would be inappropriate and undesirable. In the same context, the Managing Director voluntarily agreed to take a 7.5% cut in salary and members of the Group's Executive Team also agreed a 5% salary reduction. Members of the Board also agreed to reduce their Board fees by 7.5%.

The position of pensions in the Group is a matter of concern to the Board. The defined benefit pension schemes operated on behalf of employees were affected by the severe conditions affecting investment markets and were in deficit at year end. The Group is in continuing discussion with staff representatives and regulatory authorities on the issues involved.

The Congress of the International Peat Society took place in Tullamore in June 2008. Over 500 delegates attended this major international event which takes place

every four years. Bord na Móna was the main sponsor of the event and a number of personnel were heavily involved in the organisation of the Congress which was a significant success for Ireland and the midlands.

The Board continues to prioritise corporate governance based on best practice and emerging regulation and trends. The Group has an appropriate and responsive system of internal controls to mitigate significant risks which acts to keep exposures at an acceptable level. The Board is confident that Bord na Móna has a very effective system of corporate governance.

The Group also continues to deliver value to its shareholders and paid a dividend amounting to €12.9 million during the year, with €12.3 million paid to the State and €0.6 million paid to the Employee Share Ownership Plan.

I would like to thank my Board colleagues for their commitment and support during the year under review. I would like to especially acknowledge the contributions made by Ms Pam Kearney and Ms Anne Heraty whose terms as Directors came to an end during the year. I congratulate Dr Conor Skehan and Mr Peter Wyr who were both appointed to the Board with effect from May 2008 and Ms Rose McHugh appointed to the Board with effect from November 2008. Mr Gabriel Cribbin was reappointed to the Board also in May 2008 having served previously as a Director. I would also like to congratulate Mr David Taylor who was appointed to the Board in June 2009. I welcome their appointments and look forward to working with them on the Board. I would also like to take this opportunity to express my sincere thanks to Gabriel D'Arcy the Managing Director and to the management team he leads. I thank Gabriel and his colleagues and all our employees, for their dedication and hard work in delivering another year of progress for the Group, despite the challenges which emerged.

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

The Board is pleased to report the ongoing progress in the implementation of the strategic plan for Bord na Móna. We are convinced that this will secure a successful and vibrant future for the Group and enhance the interests of the shareholders, management and employees. The Board is determined to provide the environment and support which will facilitate the achievement of the strategy. We are also ready to play our part in contributing to a sustainable future for Ireland by contributing to the advancement of environmentally friendly policies in energy, water and resource recovery.

Fergus McArdle
CHAIRMAN
23 June 2009

WHAT PROGRESS HAVE WE MADE?

I am delighted to report on the significant improvements Bord na Móna has achieved during the past financial year in realising our vision, 'A New Contract With Nature'.



In the **Resource Recovery** business, the Group invested further in the development of our waste technology park in Drehid, Co. Kildare. This will accelerate the objective to ensure maximum landfill diversion in our waste collection business. The recovered waste streams will add considerable value to the development of peat-free horticulture products. Additional cross-synergies will accrue from the segregation of other waste materials such as waste wood for energy and bio-fuel product development.

The **Energy** business has progressed its biomass agenda at our Edenderry Power plant. This forms a significant part of Bord na Móna's renewable strategy to dilute energy peat usage. In the past year, 24,900 tonnes of peat was displaced with carbon neutral biomass. In effect, this creates a platform for a more sustainable feedstock solution in the future. It is our intention to achieve a minimum target of 30% dilution on the fuel supplied to Edenderry Power station within the next seven years, which will contribute to achieving Ireland's targets under the RES-E Directive (EC Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market).

The Group's Wind Energy programme was advanced with plans to develop 500 MW of wind energy at three locations in Mayo, Offaly and Tipperary. The largest on-shore wind farm in Europe will be located at our site in Oweninny, Co. Mayo, with a capacity of 360 MW of power when fully developed. This project, which has full planning permission, is in the next round of grid connection offers.

It is a core objective of Bord na Móna to develop sustainable heating solutions for future generations of consumers. The **Fuels** business has initiated a number of projects to evaluate the feasibility of community and district heating. These solutions would involve locally sourced biomass as the primary feedstock. The emphasis will be on energy efficiency and sustainability which help the environment and offer attractive cost benefits to the consumer.

Equally, in the **Environmental** business, 2008/2009 was an exciting year for the developing Odour and Air Emissions Treatment Business. Bord na Móna now has over 500 installed plants throughout the EU, US and Asian markets. We believe there is a great opportunity for this business to achieve a leading global position in this niche technology sector.

Due to economic, competitive and retail market demands, our **Horticulture** business has been under pressure in recent years. We have responded to this through rationalisation, changes in work practices, investment in process technology and product innovation. Difficult decisions had to be made including the closure of our Cúil na Móna facility and the consequent upgrading of the Kilberry operation involving a €1.5 million investment. We are confident that these actions have created a business model that can compete successfully in the pan-European market.

The newly established **Land and Property** Division is tasked with delivering the best commercial, social and environmental values from Bord na Móna's land and property assets. A particular emphasis is to significantly contribute to the enhancement of the national biodiversity resource through wise management of cutaway bogs and the wider Bord na Móna land holding. By building on our contacts with other interest groups, such as National Parks and Wildlife Service, BirdWatch Ireland and local communities, we are contributing to the enrichment of our local heritage by encouraging plant and animal life on the peatland and conserving and developing appropriate habitats. Bord na Móna's commitment not to open any further bogs underpins our new vision.

All of these initiatives are consistent with our 'New Contract with Nature'. We are building on the core strengths and values of the organisation to embrace the change that will be required to deliver this vision. As a Group committed to innovation and safeguarding the future, we are confident that we are doing the right thing. Failing to act is not an option and we have demonstrated that we have the capacity and vision to build on the significant progress we have already made.

MANAGING DIRECTOR'S REVIEW

CONTINUED



OPERATIONAL AND FINANCIAL REVIEW

The Group's businesses achieved an improved performance in the financial year 2009, notwithstanding the poor weather for peat harvesting.

The main financial features for the year were:

- Turnover of €401.6 million up 8.2% on the previous year (€371.2 million).
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of €57.3 million, an increase of 9.9% on the 2007/2008 figure reflecting the contribution of the Resource Recovery facility at Drehid, a significant increase in solid fuel sales enhanced by a prolonged cold winter, and strong peat sales for power generation. There were a number of once-off charges to the profit and loss account in the year which impacted EBITDA, namely, a share based payment expense of €6.1 million in respect of the issue of 5% of the issued share capital to the Group's employees based on past productivity gains, a charge of €5.6 million in respect of the Horticultural restructuring programme and other redundancy charges of €1.3 million.
- Profit before tax of €19.5 million, €0.3 million down on the previous year impacted by a higher interest charge of €2.5 million in 2009.
- Profit after tax of €15.5 million compared with €16.8 million in 2007/2008.
- In 2008/2009 Gross operating cash flow before working capital movements at €61.2 million was €10.7 million up on the previous year. The working capital requirements of the Group decreased by €32.2 million, which when combined with operating cash flow resulted in a net cash inflow of €93.4 million, up €50.2 million on the previous year. The significant cash outflows which resulted in a total cash outflow of €53.2 million for the year were:
 - Net capital expenditure of €29.3 million
 - Net acquisition costs of €5.0 million
 - Corporation tax payments and interest costs of €6.0 million
 - Dividend payment of €12.9 million
- The net cash inflow for the year was €40.2 million compared to a net cash outflow of €41.1 million for 2007/08.

- The Group had net borrowings of €56.0 million at year end, compared to €96.2 million at March 2008.
- The Group paid a dividend to its shareholders of €12.9 million in the year.

In the 2008/2009 financial year 35% of the Group's turnover came from its traditional peat based business as compared to 38% in the previous year.

A summary of the key Group financial results for the past three years has been:

	2008/2009 €000	2007/2008 €000	2006/2007 €000
Turnover	401,567	371,226	299,175
% change	+8.2	+24.1	+1.2
EBITDA	57,256	52,080	45,398
% change	+9.9	+14.7	-14.4
Profit Before Tax	19,520	19,825	29,207
% change	-1.5	-32.1	-14.2
Shareholders' Funds	198,558	234,200	235,480
% change	-15.2%	-0.5%	+14.2%

The Group's strategy requires that we continue to extract maximum value from our longstanding businesses supplying peat for Energy, Fuels and Horticulture products. We pursue this by achieving improved efficiency and investing in enhancement opportunities where appropriate. As would be expected, the newer business areas we are developing as we implement our strategy are in an earlier phase of development but nevertheless have made a significant contribution to performance in 2008/2009. The main developments during the financial year in each of the business areas are detailed within this review.

Q. WHAT CHALLENGES DO WE FACE?

The main issues facing Bord na Móna are competitiveness and innovation while adapting our business model with reference to the impact of climate change. Given the global economic downturn, there is an additional responsibility on companies to ensure they remain competitive to react to ever-changing market demands. At Bord na Móna, an ongoing programme throughout our value chain ensures that we maximise our efficiency across all areas of operations from harvesting through to the consumer. Constant dialogue with our customers helps us to understand how we can improve our offering across an ever-growing range of products and services.

We also have an imperative to positively contribute to the climate change issue. This agenda is at the core of our operations and we have made significant strides in delivering a strategy to achieve the goals we outlined in our vision, 'A New Contract with Nature'.

Q. HOW WILL BORD NA MÓNA ACHIEVE ITS GROWTH OBJECTIVES?

This will be achieved by a combination of organic growth and acquisition. Significant infrastructural projects have been identified across Energy, Resource Recovery and Fuels - Heating Solutions within Ireland. We have also identified significant potential opportunities internationally to expand the Horticulture and Air & Water Treatment markets.

Q. WHAT DOES BORD NA MÓNA HOPE TO ACHIEVE THROUGH ITS INNOVATION INITIATIVE?

In 2008, we set up an Innovation Centre in Newbridge, Co Kildare, with a planned spend of €50 million over the next five years in support of this. Innovation will be at the heart of what the Group does over the coming years. It will not only be product and technology focused but will also challenge our processes and business models to ensure we are creating ongoing efficiency improvements in everything we do. This will be the key enabler behind our growth agenda.

Q. WHAT IS BORD NA MÓNA'S CARBON STRATEGY?

We have started a programme towards the development of a robust carbon management strategy. As part of this, we are currently conducting an enterprise-wide carbon footprint calculation of our operations. This will include detailed Scope 3 emissions utilising the greenhouse gas protocol promoted by the WBCSD (World Business Council for Sustainable Development). This will provide us with external validation of our carbon calculation and feed into future sustainability and annual reporting.



WHAT ROLE DO WE PLAY IN DELIVERING IRELAND'S ENERGY NEEDS?

Edenderry Power, Co. Offaly, co-fuelling with carbon neutral fuel such as wood biomass

Bord na Móna's Energy business consists of the production and supply of milled peat and power generation. In 2008/2009, three million tonnes of milled peat was provided for delivery to three peat-fired power plants, the ESB owned Shannonbridge (Co. Offaly), and Lanesboro (Co. Longford) and the company owned Edenderry Power Limited (Co. Offaly). Additional peat was supplied for the manufacture of peat briquettes. Horticultural grade peat was harvested for the production of a range of quality growing media products that were marketed throughout Europe.

The inclement weather in summer 2008 impaired the production of milled peat stock but was not detrimental to the overall turnover or the sales of the business.

In the power generation sector, both the peat-fired Edenderry Power plant and the wind farm in Bellacorrick, Co. Mayo had a successful year with availability of 95% excluding scheduled outages. A programme to co-fuel the Edenderry plant with carbon-neutral fuels such as wood biomass commenced with a view to achieving 30% co-fuelling by 2016. The Energy business also plans to establish a mixed portfolio of over 1,000 MW of additional power generation with a strong emphasis on renewable sources.

USING BIOMASS IN 2008 WAS A VERY SIGNIFICANT STEP AND, NOW, THE BUSINESS HAS SUPPLY CONTRACTS FOR SUBSTANTIAL QUANTITIES OF SAWMILL RESIDUE AND FOREST HARVESTING OVER THE NEXT FIVE YEARS.



Q. WHAT IS THE FUTURE FOR BORD NA MÓNA ENERGY?

The key drivers behind Bord na Móna's Energy strategy are (a) the non-sustainable nature of peat as a resource and (b) the need to provide a substantially improved carbon model. Therefore we are committed to reducing the amount of milled peat for power generation and determined to develop an ever increasing portfolio of alternative sustainable energy generation solutions.

Q. HOW WILL YOU REDUCE PEAT AS A RESOURCE IN THE EXISTING PEAT FIRED PLANTS?

Biomass is currently supplied to Edenderry Power. At 30% co-fuelling, the requirement will be 300,000 tonnes per year. The first step is to establish a reliable market that suppliers trust. Using biomass in 2008/2009 was a very significant step and, now, the business has supply contracts for substantial quantities of sawmill residue and forest harvesting over the next five years. As the market evolves and prices and logistics stabilise, there will also be a requirement for energy crops such as willow and miscanthus.

Q. WILL YOUR WIND STRATEGY FACE ENVIRONMENTAL CHALLENGE?

Bord na Móna proposes to develop wind farms on cutaway bogs where the peat has already been extracted. This is a core element of the Group's after-use management programme. Utilising this resource to harness the prevailing wind regime is a very rational and responsible use of the asset. The cutaway bogs are very large land banks in relatively remote areas, which make them ideal for this type of development. Bord na Móna is the recognised expert in bog management and the Group shall ensure that the environmental impact of its wind farms will be minimised. Biodiversity and wind farms can easily co-exist in the same locations.

Q. HAVE YOU ANY PLANS TO FURTHER DEVELOP FOSSIL FUEL PLANTS?

The national RES-E Target 2020 is to have 40% renewable electricity on the system in 2020. This renewable electricity will be predominantly wind generated and will require a back-up supply in the form of open-cycle peaking plants with rapid response time to complement the variable nature of wind-generated power. The national electricity portfolio will have a mixed fuel supply which is predominantly renewable but robust in nature for security of supply. Bord na Móna's portfolio will mirror that mixed requirement, which is strategically and commercially prudent both for Ireland and for Bord na Móna.

A GLOBAL OPPORTUNITY?

Clean Air patented technology MONASHELL media consists of shells coated with micro-organisms

The Environmental business is an established solutions provider with a proven track record in the design, manufacture and installation of on-site rainwater capture, wastewater treatment and air pollution abatement systems.

Our strategy for the business is to further globalise the deployment of existing technologies while continuing to broaden their applications and develop new solutions through a structured research and development programme.

Through the application of leading-edge patented technologies, Bord na Móna promotes sustainable high performance solutions consistent with low energy usage and low lifecycle cost.

That combination has proven a successful business mix for our broad range of domestic, industrial and municipal clients in Ireland, the United Kingdom, Continental Europe, North America and Asia.

OUR CLEAN AIR SOLUTIONS BUSINESS HAS RECENTLY LAUNCHED ITS PRODUCT RANGE IN THE US AND IS SIMULTANEOUSLY BROADENING ITS GLOBAL PENETRATION.



Q. WHAT IS THE IMPACT OF THE GLOBAL DOWNTURN ON YOUR ENVIRONMENTAL BUSINESS?

The current downturn in housing has affected both the Irish and US wastewater treatment businesses. This negative impact has, however, been mitigated by the diversified nature of our customer base.

In Ireland, new business opportunities have been secured in the treatment of effluent from the leisure, educational and health sectors. Similarly, niche markets have been successfully targeted in the UK. A subsidiary company, Acorn, has expanded its manufacturing capability as well as its product range for wastewater treatment and ancillary products. The introduction of Rainsava, our rain harvesting product, is also targeted at broadening both our customer base and product offering.

Our Clean Air Solutions business has recently launched its product range in the US and is simultaneously broadening its global penetration. The range of effluent treatment products/technologies offered has also been expanded to target the broader de-centralised wastewater market.

Q. WHAT ODOUR CONTROL PRODUCTS DO YOU INTEND TO DEVELOP GLOBALLY?

The Bord na Móna patented odour/VOC control technologies are now being recognised as leading edge across a range of applications. The MÓNAFIL® technology, applicable mainly to the municipal solid waste sector, has demonstrated “best in class” for high treatment efficiency, long media life and low energy costs. It has been broadly applied in Italy, UK and Spain driven by the enforcement of the EU landfill directive.

With over 500 installed plants throughout the globe, on a range of wastewater treatment and industrial odour applications, MÓNASHELL® is deemed “best in class” for treatment efficiency and “whole life cycle cost”. Bord na Móna’s unique competency in air pollution abatement process design is further evidenced in the breadth of its industrial VOC applications.

Q. HOW IMPORTANT IS INNOVATION FOR THE DELIVERY OF YOUR OBJECTIVES?

Over the past 20 years, innovation has been ongoing in the Environmental business, initially focused on using peat to provide abatement solutions. It has now broadened to encompass other media for odour control and other technologies for wastewater treatment.

In the past year, we established a world-class Innovation Centre in the US at the Greensboro Municipal Wastewater Treatment facility, North Carolina. This, in conjunction with R&D programmes currently being undertaken with Third Level institutions in Ireland and the US, will provide solutions to address emerging environmental challenges.

Q. WHAT BIG OPPORTUNITIES EXIST FOR YOU IN IRELAND?

Bord na Móna has spent the last 75 years draining land for peat harvesting. Under our licence from the Environmental Protection Agency, the Group is obliged to implement an acceptable after-use plan for each site that has ceased peat production. Using cutaway bogs as a water storage/capture facility would fit into this category and also be in line with the ‘New Contract with Nature’.

Bord na Móna has the potential to provide a solution to Ireland’s growing water supply needs and with its proven competency on major infrastructural projects it is well placed to deliver such solutions. Bord na Móna has developed a significant and growing presence in the water/wastewater treatment sector providing sewage treatment plants, rainwater harvesting systems and surface water solutions across a broad range of domestic, industrial and municipal clients in Ireland, Britain, Continental Europe and the US.

Bord na Móna is ready, willing and able to play a significant part in this growing area of sectoral significance.



HOW WELL HAVE WE PERFORMED?

Bord na Móna Fuels working towards
supplying a complete heating package

The Fuels business manufactures and markets peat briquettes, imports and distributes coal and operates an oil distribution business. It also manufactures a range of convenience products including Firelighters, Firelog and Firepak.

The business performed exceptionally well for the year primarily as a result of inclement weather and the unprecedented increases in oil and gas prices. The global downturn also impacted on consumer buying behaviour resulting in a strong performance on our briquette, coal and convenience products.

The Fuels business also launched a successful range of eco products during the year, comprising wood-based firelighters, eco-logs, conventional firewood logs and wood pellets. All of these products are carbon-neutral with consumer-friendly packaging. Additions to this range of products are anticipated through innovative product development.

A continuous cost containment programme is in place to ensure our on-going competitiveness. During the year we exited Tolka Quay in Dublin redeploing these operations elsewhere without disruption to our service offer.

WE ARE IDENTIFYING EMERGING OPPORTUNITIES IN THE FUELS BUSINESS IN GENERAL BUT PARTICULARLY IN THE SUSTAINABLE HEATING SOLUTIONS AREA.



Q. HOW WILL THE FUELS BUSINESS RESPOND TO CLIMATE CONCERNS?

Bord na Móna’s ‘New Contract with Nature’ is a pro-active approach to concerns in the energy and environmental areas. We are identifying emerging opportunities in the fuels business in general but particularly in the sustainable heating solutions area. Our primary focus is on opportunities in district heating solutions. We are currently conducting feasibility studies which if successful will deliver efficient, reliable and low carbon solutions.

Q. WHAT OTHER SOLUTIONS DO YOU ENVISAGE?

Bord na Móna is committed to exploring and supplying a complete heating package for our customers. That includes investigating areas such as insulation, photovoltaics, and thermostatic controls, as well as wind and geothermal. Bord na Móna will constantly harness new technologies to add value and innovation to our stakeholders.

Q. WHAT DO YOU SEE AS YOUR COMPETITIVE ADVANTAGE?

The Fuels business has a proven commercial and performance track record in the highly competitive fuels market, combined with a strong customer base and a deep brand value built through partnership over many years. Combined with a nationwide supply chain they are core strengths that give us competitive advantage in this field. We have the added advantage of cross synergies with our Energy and Resource Recovery businesses where we are collectively innovating towards sustainable energy solutions for future generations of consumers.





HOW CAN WE GROW?

B&Q Peat Free growing media range manufactured uniquely by Bord na Móna

Bord na Móna's Horticulture business has endured a difficult period over the recent past. Poor weather in Ireland and the UK during spring and summer 2008 adversely impacted on sales. Also, during 2008, a weaker Sterling resulted in significant foreign exchange losses.

As a result, it was decided to restructure operations by closing the majority of the Cúil na Móna processing and packaging facility in Co Laois and consolidating these operations into the Kilberry plant in Co Kildare with a €1.5m investment.

The focus now is on increasing competitiveness by reducing the cost base and maximising operational efficiencies. The Horticulture business is also seasonal in nature with most sales made during spring and early summer with dramatic fluctuations depending on weather conditions.

Horticulture also faces a significant challenge in relation to the UK government supported policy towards reducing the proportion of peat in growing media products by way of dilution with non-peat materials. In this regard B&Q, our largest customer, has a target to reduce the peat content of its growing media product range to 10%. Consistent with Bord na Móna's "New Contract with Nature", we are committed to the objective of replacing peat, where possible, with materials coming from renewable sources.

IT IS INTENDED TO STREAMLINE THE SUPPLY CHAIN BY INCREASING THE BUSINESS' FOCUS ON ALL ASPECTS OF ITS PROCESSES FROM THE HARVESTING OF PEAT THROUGH TO THE DELIVERY OF PACKAGED AND BULK PRODUCTS TO CUSTOMERS.



Q. HOW DID THE RESTRUCTURING OF OPERATIONS AFFECT EMPLOYEE NUMBERS?

The restructuring resulted in major improvements in productivity, efficiency and equipment utilisation. This has significantly reduced the manufacturing cost base and we are confident that this will lead to improved profitability in the coming year. As a result of scaling down operations at the Cúil na Móna facility in Co Laois, employee numbers fell by 31 all of whom availed of the Bord na Móna severance package. There were also a number of employees redeployed in other parts of the Bord na Móna business.

Q. WHAT PLANS ARE IN PLACE TO INCREASE COMPETITIVENESS?

It is intended to streamline the supply chain by increasing the business' focus on all aspects of its processes from the harvesting of peat through to the delivery of packaged and bulk products to customers. Key aspects of the operation have already been restructured, with further opportunities for increased efficiency in areas such as transportation.

Q. HOW WELL CAN HORTICULTURE RESPOND TO CUSTOMER NEEDS?

Historically, the Horticulture business has performed very well on certain aspects of customer service. In 2008, Bord na Móna was named as B&Q's Supplier of the Year. There is a real opportunity to promote the top quality characteristics of our products, particularly in the retail channel. This can be achieved through maximising the category management of growing media products in retail customers' outlets.

Q. IS THE UK'S PEAT DILUTION AGENDA A SIGNIFICANT THREAT?

The UK government-supported policy of diluting the proportion of peat in growing media products actually presents Bord na Móna with an opportunity consistent with its 'New Contract with Nature'.

The Kilberry green waste composting facility processes various types of green waste including spent grain from the brewing industry. The resulting material is used as a peat substitute (diluent) in growing media products. Some of the green waste streams are also generated by the Resource Recovery business, representing a synergy of activities. Activities in this area will be expanded considerably over the next few years including exploring opportunities to acquire green waste streams in the UK.



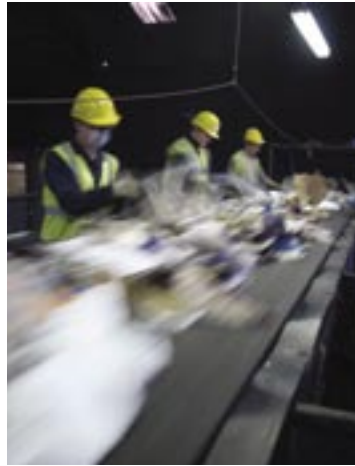
WASTE OR RESOURCE RECOVERY?

AES electronic tagging of containers allows for more effective logistics and customer service

The word 'waste' implies a negative, a nuisance and a problem. From a 'resource recovery' perspective, however, we look at the nature of this waste material and ask, 'How can we best recover value from this material in environmental and commercial terms?'

Resource Recovery is a challenging but exciting approach to the management of waste streams which will enable opportunities in other parts of the Group. It requires ongoing investment in logistics, customer education and training, material separation technologies and in those technologies that alter the fundamental use of waste materials where this becomes a necessary step in recovery. A good example of this type of transformation is how green wastes are converted through a composting process into high quality growing media products for professional and hobby gardeners.

MECHANICAL-BIOLOGICAL TREATMENT WILL ALLOW FURTHER RESIDUAL WASTE STREAMS TO BE DIVERTED FROM LANDFILL THROUGH MECHANICAL SEPARATION OF WASTE STREAMS, STABILISATION OF THE BIO-WASTE COMPONENTS OF THE WASTE STREAM AND, POTENTIALLY, ENERGY RECOVERY FROM THE TREATED WASTES.



Q. WHAT HAS LANDFILL GOT TO DO WITH RESOURCE RECOVERY?

Bord na Móna's modern engineered landfill at Drehid, Co. Kildare is the first phase of a planned fully integrated waste management facility. The site has planning permission for a 25,000 tonne organic waste-to-compost facility which will be built in 2009/2010. This plant will allow for the treatment and recovery of value from waste materials collected in our domestic and commercial 'brown bin' rollout.

Bord na Móna also expects to develop a large-scale MBT (mechanical-biological treatment) plant at the site. MBT will allow further residual waste streams to be diverted from landfill through mechanical separation of waste streams, stabilisation of the bio-waste components of the waste stream and, potentially, energy recovery from the treated wastes.

Q. WHAT MEASURES WERE TAKEN OVER THE PAST YEAR IN DELIVERING LANDFILL DIVERSION?

The Group invested €1.8m in upgrading the Portlaoise and Tullamore Materials Recovery Facilities. These investments have refined its ability to extract recoverable materials from general and mixed dry recyclable waste streams.

By recognising that the point of waste generation is usually the most effective place to segregate waste, the business has started to roll out 'brown bins' to domestic customers.

During the year we commenced electronic tagging of the containers allowing for more effective logistics and customer service and facilitating 'polluter pays' billing systems.

Q. WILL THE ECONOMIC DOWNTURN IMPACT ON YOUR DEVELOPMENT PLANS?

Already, there has been a significant reduction in waste arisings in 2008/2009. This, together with customers demanding better value waste solutions, requires Bord na Móna and the entire industry to develop more innovative waste treatment and logistics solutions. Industry consolidation will play a key role in eliminating wasteful duplication of services and capacity and we expect to play a leading role in such consolidation.

In 2008/2009, the Group acquired Goff Recycling business in Wexford. This provides an opportunity to provide a more comprehensive service to customers and to deploy our domestic waste management solutions in the South East region.

Q. HAS INNOVATION A ROLE TO PLAY?

The innovation agenda has two key components. The first is the ability to develop value-added applications for recovered recyclables. At present, most of these recovered recyclables are exported for 'closed loop' recycling. The business is focussed on developing Irish outlets for recovered paper, card and plastic materials.

The second part of the agenda is focussed on identifying those technologies that generate the best recovery and application solutions for stabilised bio-waste. At Resource Recovery, the team is actively engaged in developing growing media and energy recovery solutions with colleagues in Horticulture, Energy and Fuels.



WHY IS INNOVATION SO IMPORTANT?

Innovation is the only way to remain agile and ahead of the competition. It is the innovation of today that becomes the best practice of tomorrow. Bord na Móna intends to invest €50 million on innovation over the next five years. The first measure of that commitment was the opening of our Innovation Centre in Newbridge, Co. Kildare during the year. This centre is tasked with fostering innovation throughout the Group in line with Bord na Móna's vision.

A great deal of work is already going on around the world breeding algal strains for energy production. This is something our innovation team is working on with the objective of using algae as a power station fuel in the future. In our Horticulture business we are using composted green waste as the primary source of peat dilution under the B&Q brand. In addition we are looking at technologies to convert peat into platform chemicals which can be made into plastics and other valuable products.

We are looking at a number of innovations to provide sustainable home heating solutions and have partnered with Sustainable Energy Ireland's Dundalk 2020 project, supplying heat to the Dundalk Institute of Technology, the hospital and some nearby housing estates. One of the sustainable fuels used by Combined Heat and Power plants may be gas. Some of the organic waste collected by the Resource Recovery business could be turned into synthetic natural gas, either for district heating systems or to be fed into the natural gas grid as is done already elsewhere in Europe.

We are exploring ways to use less peat including incorporating sawdust into our peat briquettes. We launched an eco briquette during the year which is being well received by the market.

Outside of product innovation we are also challenging the organisation to innovate across service, process and technology. This drive will be at the core of all our activities over the coming years.

More and improved innovation is essential for the survival of Bord na Móna and for the national economy. There are two ways to grow: through mergers and acquisitions or through innovation. Bord na Móna will pursue both.



MANAGING DIRECTOR'S REVIEW

CONTINUED

Investment for the Future

Capital Expenditure for 2008/2009 amounted to €30.5 million (€24.4 million in 2007/2008). A significant capital investment programme was undertaken during the year with expenditure incurred on phase 2 of Dredge following an enhancement of its waste licence, additional refuse collection vehicles and processing plant at the Material recovery centres, boiler upgrade at the Edenderry Power plant and replacement of peat harvesting plant.

Research and Development: In 2008/2009 Bord na Móna spent some €5.9 million on research and development including new business development, exclusive of grants (compared with €4.0 million in 2007/2008). Project work undertaken in this area is outlined in the section on innovation. Thirty people are directly employed in the Innovation Centre with a further twenty innovation staff embedded in the operational sections of the Group.

Funds from Operating Activities

The Group generated €93.4 million from operating activities in 2008/2009 compared to €43.2 million in the previous year.

	2008/2009 € million	2007/2008 € million
Net cash flow from operating activities	93.4	43.2
Capital expenditure and acquisitions	(34.3)	(67.6)
Corporation Tax and Financing Costs	(6.0)	(8.7)
Dividend paid	(12.9)	(8.0)
Increase / (Decrease) in net cash	40.2	(41.1)

At year end, the Group had net borrowings of €56.0 million a reduction of €40.2 million in the year – a significant achievement. The Group's balance sheet remains strong. The detailed cash flow statement is given on page 40 supported by Note 21 to the Financial Statements.

Capital structure and Treasury policy

Net Borrowings reached a peak of €97 million during the year compared with a peak of €121 million in the previous year. Bank interest and similar charges at €3.9 million compared with €4.6 million in the previous year a reflection of the strong cash in-flow generated by the Group during the year.

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

At year end the Group had \$150 million (€117.5 million) fixed rate debt raised on the US Private Placement debt market. In order to hedge the

associated US dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the debt.

The maturity profile of debt at year-end was 17% repayable in June 2013, 40% repayable in June 2016 and 43% repayable in June 2018.

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

Gearing was at 28% at year end compared to 41% at the start of the year and the level of net debt reduced from €96.2 million at the start of the year to €56.0 million at the end of the year.

Pensions Reform

The Group operates Defined Benefits pension schemes covering the majority of employees which are funded by contributions from both the employer and the members. Contributions are based on the advice of a professional actuary obtained at regular intervals.

In January 2008, a collective agreement was reached consisting of a range of measures to enable a more secure pension platform for the Group and its employees.

The measures under consideration were as follows:

- Improvements of pensions by the implementation of a revised calculation (N200);
- Merging of RWESS and GESS defined benefit schemes into a single scheme;
- Closure of defined benefit scheme to new members;
- Introduction of a defined contribution scheme;
- Funding the deficit in the GESS scheme;
- Introduction of salary cap.

Bord na Móna remains committed to achieving a more secure pensions platform but adverse pension fund performance requires reconsideration of the collective agreement.

Similar to many other pension schemes in Ireland, there have been significant difficulties encountered by the GESS and RWESS pension funds in the past 18 months. There is a continuing deterioration of funding in both schemes and coverage for active members (current employees) has decreased.

We continue to actively engage with our key stakeholders to consider the issues and identify potential solutions. Such solutions will need to address member needs as effectively as possible.

Gabriel D'Arcy
MANAGING DIRECTOR
23 June 2009

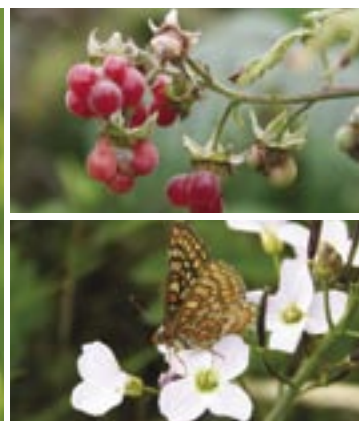
SUSTAINABILITY AND 'A NEW CONTRACT WITH NATURE'



Sustainability and climate change directly impact almost every aspect of Bord na Móna's activities - operationally, commercially and strategically. We have started on a journey with 'A New Contract with Nature' which will lead to the transformation of the Group over the next two decades and make Bord na Móna a highly sustainable organisation – both environmentally and financially. At the heart of this transformation will be our people.

This transformation will be driven from the top by the strategic objectives that will be set within each of the businesses. In order to achieve the objectives, new programs and initiatives will be undertaken, new processes and systems will be introduced, and key performance indicators will be identified. Each year we will measure our progress to ensure we are moving in the right direction.

This year we have produced our first Sustainability report, which replaces our Corporate Social Responsibility report. We see this as a key step for Bord na Móna.





The report has multiple objectives:

- It communicates to our various stakeholders, both internally and externally, many of the initiatives we are currently undertaking in relation to our people and the planet. This includes initiatives within our commercial businesses and also other initiatives in relation to biodiversity and the management of cutaway bogs.
- It sets out some of the plans and targets we have over the next number of years to become a more sustainable Group.
- In preparing the report, we are forced to think about the way we need to manage our businesses going forward – the performance indicators, metrics, data, and definitions needed by the businesses everyday to make sure our vision will be achieved over time.

Over the coming year, further work will be done within the organisation to enhance next year's Sustainability report. The goal of the report over time will be to accurately present a picture of the Group and how it is performing under the three key areas – people, planet and profit.

There are many challenges ahead for Bord na Móna, in a year of global economic upheaval, as the world's leaders prepare to meet in Copenhagen to try to reach agreement on a replacement for the Kyoto Treaty. However, as we move towards a low-carbon world, significant opportunities exist for Bord na Móna to leverage its experience, assets and culture of innovation. We believe that living up to our 'New Contract with Nature' will enable us to capture many of those opportunities.

The goal of the report over time will be to accurately present a picture of the Group and how it is performing under the three key areas – people, planet and profit.



THE BOARD

1. FERGUS MCARDLE (CHAIRMAN)

Fergus McArdle (55) was appointed to the Board in November 2002 and as Chairman in September 2004. He is a senior partner at KMR Registered Auditors. He is a fellow of the Chartered Association of Certified Accountants since 1978. He has a portfolio of personal business interests with directorships in Manufacturing, Service and Property Companies. He also serves on not for profit commercial business, sporting and charitable bodies.

2. GABRIEL D'ARCY (MANAGING DIRECTOR)

Gabriel D'Arcy (50) was appointed as Managing Director in February 2008. Prior to joining Bord na Móna, he held a number of management positions in the Kerry Group, most recently Commercial Director, Kerry Ingredients Europe. He previously served as a Captain in the Defences Forces. He holds a B.Sc (Hons) from University College Galway, an MSc from University College Dublin, an M.B.A. from Kingston University Business School, and an Advanced Diploma in Management Practice from University of Ulster. He is a member of the Institute of Directors.

3. GABRIEL CRIBBIN

Gabriel Cribbin (63) was first appointed to the Board in September 2005 and reappointed in October 2008. He is joint owner and Managing Director of Summerhill Lawns which provides gardening services. He was a member of Meath County Council for the past 20 years and also chaired the Meath County Development Board.

4. RORY SCANLAN

Rory Scanlan (63) was first appointed to the Board in May 2002 and reappointed in June 2007. He is a sales and management consultant and author of "Professional Selling Skills". He is a director of Ordnance Survey Ireland and several private companies and has previously served as a director of a number of State Bodies including Foir Teroanta and An Bord Trachtala.

5. CONOR SKEHAN

Conor Skehan (51) was appointed to the Board in May 2008. He is the founder of a number of specialist professional consultancies and is currently Head of the Department of Environment and Planning at DIT. He specialises in Foresighting, Environmental Protection and Strategic Planning across a range of sectors that include industry, energy and tourism.

6. PETER WYER

Peter Wyer (60) was appointed to the Board in May 2008. He has a Commerce and Law Degree from the National University of Ireland Galway. Having spent some time in Merchant Banking he moved into sales where he spent most of his career. He joined Arch Motors Ltd. Galway in 1976 where he is currently Sales Director and Company Secretary. He is also a director of a number of other related companies.



7. PAUDGE BENNETT

Paudge Bennett (55) was appointed to the Board in January 2007 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1973 and became a member of permanent staff in 1975. He has been a Storeman in Boora Works since then. He served as a Trustee of the Bord na Móna Pension Schemes for 11 years until 2006.

8. PADDY FOX

Paddy Fox (60) was appointed to the Board in January 1999 and reappointed in 2003 and 2007 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1970 and became a member of permanent staff in 1975. He has been a team leader since 1990. He holds a Diploma in Management and Industrial Relations.

9. PAT KANE

Pat Kane (59) was appointed to the Board in January 2007 under the Worker Participation (State Enterprises) Act 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1965 and was made permanent in 1966. He has worked in various positions within the Company.

10. PADDY ROWLAND

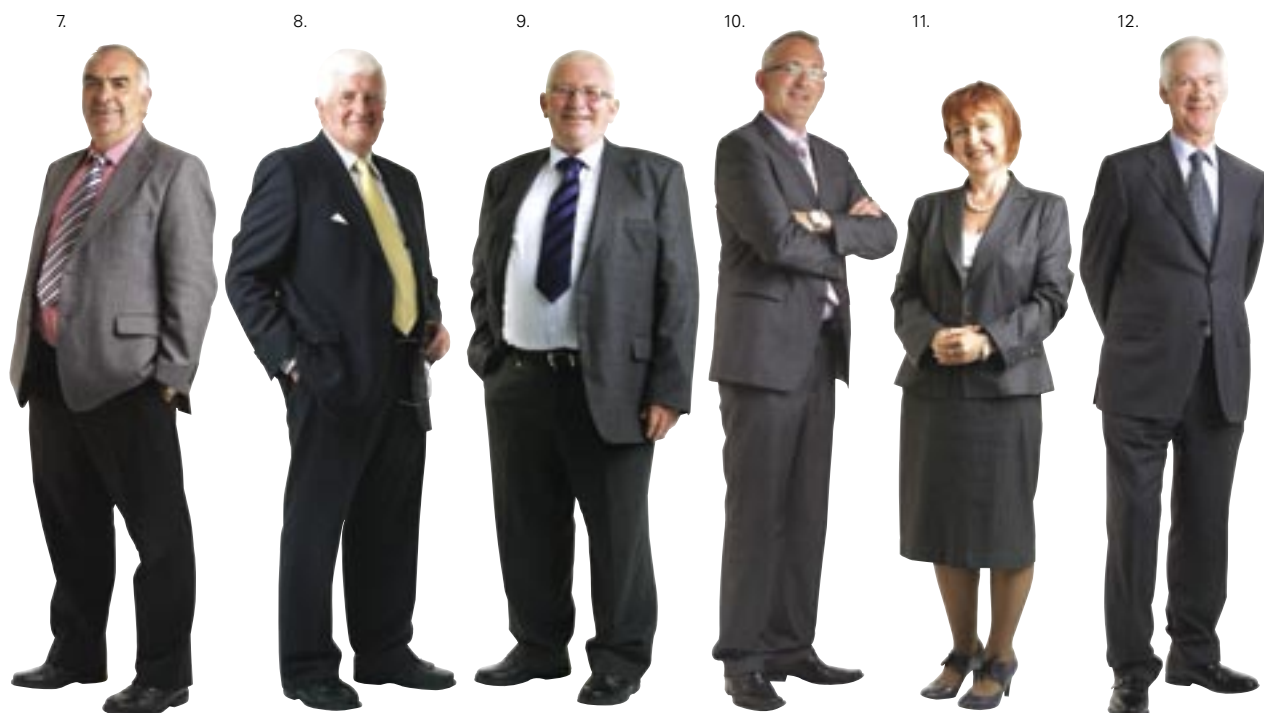
Paddy Rowland (41) was appointed to the Board in January 2003 and reappointed in Jan 2007 under the Worker Participation (State Enterprises) Act 1977 and 1988. He joined Bord na Móna in 1984 as an apprentice fitter, worked in Peat Energy as a Draughtsman and is currently a member of the Corporate Communication team in Newbridge. He is also a member of Tullamore Town Council since 2004 and was re-elected in 2009.

11. ROSE MCHUGH

Rose McHugh (45) is the Head of Merrion Capital's Munster office which was established in Cork in 2006. Merrion Capital provides a wide range of services to clients in wealth management and corporate finance. Prior to joining Merrion, Rose was Deputy CEO at SWS Group, a renewable energy and diversified services group. Before that Rose was a Director of Taxes with Ernst and Young. Rose was appointed to Chair the Board of An Bord Iascaigh Mhara in June 2006. Rose is a fellow of the Institute of Chartered Accountants in Ireland. She has an honours law degree from UCC. She is an associate of the Institute of Taxation in Ireland and in 2000 she completed an MBA at UCC.

12. DAVID TAYLOR

David Taylor (63) was appointed to the Board in June 2009. He is an independent strategic advisor on sustainable energy and holds professional qualifications in engineering (BE Chemical) and management (MSc Management). He advises the Joint Oireachtas Committee on Climate Change and Energy Security on sustainable energy and energy security issues. Formerly CEO of Sustainable Energy Ireland he has represented the Irish Government's energy research and development interests at EU and the International Energy Agency.



DIRECTORS' REPORT

Introduction

The Directors present their report and the audited financial statements of Bord na Móna plc for the period from 27 March 2008 to 25 March 2009.

Principal Activities and Review

The Group supplies electricity generated from peat at its generating station and supplies peat as a fuel to other electricity generating stations. It also supplies resource recovery services, peat briquettes, coal and oil, horticultural products, and pollution abatement products, environmental consultancy and commercial laboratory services.

The Chairman's Statement on pages 2 and 3, the Managing Director's Review, Operational and Financial Review on pages 4 to 19 contain a review of the development of the Group's business during the year, of the state of affairs of the businesses at 25 March 2009, of recent events and of likely future developments.

Results for the period	€000
Profit after tax	15,930
Dividend paid	(12,894)

Profit retained for financial year	3,036
------------------------------------	-------

Details of the financial results of Bord na Móna plc for the period 27 March 2008 to 25 March 2009 are given on pages 34 to 61.

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Government. The names of the persons who were Directors during the period are set out below.

Fergus McArdle, Chairman
Gabriel D'Arcy, Managing Director
Paudge Bennett
Gabriel Cribbin - Term of office expired 8 September 2008; reappointed with effect from 21 October 2008
Paddy Fox
Anne Heraty - resigned with effect from 24 February 2009
Pat Kane
Pam Kearney - Term of office expired with effect from 8 September 2008
Rose McHugh - appointed with effect from 21 October 2008
Paddy Rowland
Rory Scanlan
Conor Skehan - appointed with effect from 2 May 2008.
Peter Wyrer - appointed with effect from 2 May 2008.

There was one vacant Directorship as at 25 March 2009. Mr David Taylor was appointed as a Director with effect from 9 June 2009.

Corporate Governance

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

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

The Group established the Bord na Móna Employee Ownership Plan (ESOP) during the year, in accordance with the approvals of the Minister for Finance and the Minister for Communications, Energy and Natural Resources and applicable legislation. Under the Plan, Bord na Móna plc issued new shares and subsequently transferred 5% of its total ordinary shares to the ESOP. These shares are now held 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.

Board meetings

The Board met 11 times during the financial year.

Committees of the Board

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

The members of the *Risk and Audit Committee* as at 25 March 2009 were Peter Wyrer (Chairman), Rory Scanlan and Gabriel Cribbin. The Committee met three times during the financial year. The Committee meets periodically with the internal auditor and the external auditors to discuss the Group's internal accounting controls, the internal audit function, the choice of accounting policies and estimation techniques, the external audit plan, the statutory audit report, financial reporting and other related matters. The internal auditor and external auditors have unrestricted access to the Risk and Audit Committee. The Chairman of the Committee reports to the Board on all significant issues considered by the Committee and the minutes of its meetings are circulated to all directors.

The *Remuneration Committee* deals with the remuneration and expenses of the Managing Director and senior management within Government guidelines. The members as at 25 March 2009 were Fergus McArdle (Chairman), Paddy Fox, Pat Kane and Rose McHugh. The Managing Director, Gabriel D'Arcy, attends the Committee except when his own position is being discussed. The Committee met three times during the financial year.

The *Finance Committee* considers and makes recommendations to the Board on the five year plan and annual budget and on other finance related matters such as the procurement, disposal and leasing of land, buildings and facilities. The members as at 25 March 2009 were Fergus McArdle (Chairman), Paudge Bennett, Gabriel D'Arcy, Paddy Rowland and Conor Skehan. The Committee met five times during the financial year.

From time to time the Board also establishes temporary Committees to deal with specific matters under defined terms of reference. The Board established such a Committee to deal with the ESOP with Fergus McArdle, Gabriel D'Arcy and Rory Scanlan as members. The Committee met once and dealt with all relevant matters at that meeting. Accordingly, the Committee is no longer in existence.

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 25 March 2009.

Director	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
F McArdle, Chairman	11/11	9/9
G D'Arcy, Managing Director	11/11	9/9
P Bennett	11/11	4/5
G Cribbin	8/10	3/3
P Fox	11/11	3/3
A Heraty	7/10	2/2
P Kane	11/11	3/3
P Kearney	4/5	3/3
R McHugh	4/4	N/A
P Rowland	11/11	5/5
R Scanlan	10/11	5/5
C Skehan	6/9	2/2
P Wyer	8/9	1/1

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk, liquidity and interest rate risk. The Group has in place a risk management programme that seeks to manage the financial exposures of the Group by monitoring foreign exchange exposure together with debt finance and the related finance costs.

In order to ensure stability of cash outflows and hence manage interest rate risk, the Group has a policy of maintaining at least 50 per cent of its debt at fixed rate. At March 2009, the Group had fixed 98% (2008: 99%) of its debt. Further to this the Group seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. Financial instruments are used to manage interest rate and financial risk. The Group does not engage in speculative activity and the treasury operating policy is risk averse.

The Group's treasury operations are managed centrally by the treasury function and in accordance with policies approved by the Board. These policies provide principles for overall financial risk management and cover specific areas such as interest rate, liquidity and foreign exchange risk.

Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

Bord na Móna's reporting currency and that in which its share capital is denominated is the euro. The Group is exposed to foreign exchange risks in the normal course of business, principally on the sale and purchase of sterling and US dollar. Certain natural economic hedges exist within the Group.

The Group had \$150,000,000 fixed rate debt which was hedged by cross currency swaps.

Credit risk

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

Liquidity risk

The Group's operations are highly cash generative. The Group has historically utilised this cash to retire medium and long term debt and to fund capital expenditure. Following on the completion of the private placement of debt in 2006, the Group is now primarily financed by long-term debt with maturities between 2013 and 2018. The Group has sufficient access to further sources of short, medium and long-term debt to enable it to fund both existing operations and planned expansions.

Interest rate and cash flow risk

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

Directors' responsibilities for financial statements

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

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

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

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

The Directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statutes comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts Regulations 1992). They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The measures taken by Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at the registered office of the Company.

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

Internal Controls

The Directors have overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. Management is responsible for the identification and evaluation of significant risks together with design and operation of suitable internal control systems. These systems are designed to ensure that transactions are executed in accordance with management's authorisation, that reasonable steps are taken to safeguard assets and to prevent fraud, and that proper financial records are maintained. These systems are designed to manage risk and can give reasonable, but not absolute, assurance against material misstatement or loss.

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

- 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 process is in place whereby business risks are identified and their implications evaluated;
- a formal budgeting process for each business and the group centre culminating in an annual Group budget approved by the Board;
- actual performance against budget is reported monthly to the Board;
- procedures are in place 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 is responsible for internal control over its respective business functions;
- procedures for monitoring the effectiveness of the internal control systems include the work of the Risk and Audit Committee, management reviews, the use of external consultants, and internal audit;
- defined procedures for the appraisal, review and control of capital expenditure.

Internal audit monitors the Group's control systems by examining financial reports, by testing the accuracy of transactions and by otherwise obtaining assurances that the systems are operating in accordance with the Group's objectives.

The Board has reviewed the effectiveness of the systems of internal control up to the date of approval of the financial statements. In general, adequate controls were found to exist and where new controls were required these are being implemented.

Going Concern

The Directors have reviewed the Group's businesses and other relevant information and confirm that Bord na Móna plc has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements. In general, adequate controls were found to exist and where new controls were required these are being implemented.

Directors' and Secretary's Shareholdings

Mr P Bennett, Mr P Fox, Mr P Kane and Mr P Rowland and the Secretary are participants in the Bord na Móna Employee Share Ownership Plan and each has a notional allocation of 1,771 ordinary shares in Bord na Móna plc which are held in the Bord na Móna Approved Profit Sharing Scheme or Bord na Móna Employee Ownership Trust. The other Directors and their families had no interests in the shares of Bord na Móna plc or any other Group company during the year ended 25 March 2009.

Codes of Conduct

The Code of Conduct for Employees continued in place during the 2008/2009 financial year. A Code of Conduct for Directors was adopted in April 2002 and remains in place.

Human Resources

Bord na Móna seeks to implement its human resources policies through participative structures and with an emphasis on personal development and performance. It aims to provide employees with a working environment characterised by respect and with competitive take-home pay using performance-related systems.

In the year under review Bord na Móna maintained its partnership relationship with its employees and their Trade Union representatives. Both sides recognise that this approach has delivered sustained results for the Group, and allowed the Group to continue its policy of enhancing working conditions and future prospects for its employees.

The Group has a policy of constantly improving health and safety in the workplace by fully integrating health and safety best practice into business management at all levels.

An update on human resource matters is contained in the Sustainability Report which is published concurrently with this Report.

Quality and Customer Service

The Board has adopted a policy that Bord na Móna will voluntarily obtain the relevant ISO accreditation and/or other relevant accreditation for all its activities. Details of the accreditations in place are given in the sections on each of the businesses.

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

Accounting Records

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

Payment of Accounts

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

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 160(2) of the Companies Acts 1963.

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

23 June 2009

SENIOR MANAGEMENT

Gabriel D'Arcy Managing Director

Michael Barry Director of Finance and Corporate Services

Pat Downes Director of Fuels

Dr Hubert Henry Director of Innovation

Dermott Kelly Director of Energy

Colm O'Gógáin Director of Environmental

Gerry O'Hagan Director of Marketing and Communications

Gerry Ryan Director of Land and Property and Group Secretary

Jim Stockwell Director Group HR

Tom Walsh Director Resource Recovery

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BORD NA MÓNA p.l.c.

We have audited the Group and parent company financial statements (the "financial statements") on pages 30 to 61. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies and estimation techniques on pages 30 to 33.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 26.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and the Company's affairs as at 25 March 2009 and of the Group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992.

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

In our opinion the information given in the directors' report on pages 24 to 27 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 39 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 25 March 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Dublin

23 June 2009

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

Basis of accounting and preparation of Financial Statements

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements are prepared in Euro under the historical cost convention. Assets are stated at cost or valuation less accumulated depreciation from the date of original acquisition or valuation.

A summary of the more important Group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new standards in the year.

Basis of consolidation

The consolidated financial statements include the financial statements of Bord na Móna plc and all of its subsidiaries as listed on page 48. The Group financial statements consolidate the financial statements of the holding Company and its subsidiary undertakings.

The policies set out below have been consistently applied to all years presented in these consolidated financial statements and have been applied consistently by Group entities.

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

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

Financial Reporting Standard 7 'Fair values in acquisition accounting' sets out the principles of accounting for a business combination under the acquisition method of accounting. Companies Legislation requires the identifiable assets and liabilities of the acquired entity to be included in the consolidated financial statements of the acquirer at their fair values at the date of acquisition. The difference between these and the cost of acquisition is recognised as goodwill or negative goodwill. The results of the acquired entity are included in the profit and loss account of the acquiring Group from the date of acquisition. The assets and liabilities recognised in the allocation of fair values are those of the acquired entity that existed at the date of acquisition. They are measured at fair values that reflect the conditions at the date of the acquisition. The cost of acquisition is the amount of cash or cash equivalents paid and the fair value of other purchase consideration given by the acquirer, together with the associated transaction expenses.

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

Turnover

Turnover is comprised of revenue, excluding value added tax and trade discounts, on goods and services to external customers arising in the normal course of business. Turnover on long-term contracts is recognised using the percentage-of-completion method, calculated on an input cost basis.

The Group supplies electricity to ESB Customer Supply under a power purchase agreement for the period to December 2015. Turnover is recognised for capacity availability, energy supplied on the basis of contractual performance and related pass through costs such as EU ETS (Emissions Trading Scheme) in accordance with the terms of the fuel supply agreement.

Where customers are invoiced in advance of the provision of service, that element of value that relates to future service is deferred and recognised as turnover on completion of the relevant service.

Turnover is stated as after eliminating sales within the Group.

Foreign currencies

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

The financial statements of foreign subsidiaries are translated into euro using the closing rate method. Profits and losses arising on the re-translation of foreign subsidiaries are taken to reserves and recognised in the statement of total recognised gains and losses.

Differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against Group equity investment in foreign subsidiaries, are also taken to reserves and recognised in the statement of total recognised gains and losses.

Emission Allowances

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

As emissions arise, a provision is recorded in the profit and loss account to reflect the amount required to settle the liability to the Authority. This provision will include the current market value of any additional allowances required to settle the obligation. These allowances, together with any additional allowances purchased during the year, are returned to the relevant Authority in charge of the scheme within four months of the end of that calendar year, in order to cover the liability for actual emissions of CO₂ during that year.

The emissions costs are recoverable from ESB Customer Supply under the power purchase agreement as a related pass through cost and the recoverable credit is recorded in the profit and loss account.

Tangible fixed assets and depreciation

Freehold land, and the estimated residual value of peatland after the peat production phase, are stated at cost. Peatland and other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of peatland over the remaining useful lives of the Fuel Supply Agreements with the peat fired generating stations and tangible fixed assets over their estimated useful lives.

The depletion method of depreciation is applied to peatland, drainage and railways. Other tangible fixed assets are depreciated on a straight line basis at the rates shown below

Plant & Machinery	5% to 33.3% per annum
Buildings	5% to 10% per annum
Generating Assets	4% to 10% per annum
Landfill	5% per annum

Additions to generating assets are depreciated at the above rates but not exceeding up to 2025.

The cost of landfill sites includes the cost of acquiring, developing and engineering sites, but does not include interest. The cost of the asset is depreciated over the licensed life of the site on the basis of the usage of void space.

Assets in the course of construction represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on assets in the course of construction.

Goodwill and intangible assets

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

Accounting for financial assets

Interests in subsidiary undertakings are stated in the holding Company's balance sheet at cost less provisions for impairment.

Investment properties

Investment properties are included in the balance sheet at their open market value. Changes in the market value of investments are taken to the statement of total recognised gains and losses unless a deficit is expected to be permanent in which case it is charged to the profit and loss account.

Research and development

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

Impairment of assets and goodwill

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

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

The impairment review should comprise a comparison of the carrying amount of the fixed asset with its recoverable amount (the higher of net realisable value and value in use). To the extent that the carrying amount exceeds the recoverable amount, the fixed asset is impaired and is written down. Any impairment loss arising is recognised in the profit and loss account unless it arises on a previously revalued fixed asset.

Grants

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

Stocks, work in progress and long term contracts

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

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

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

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

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

CONTINUED

Trade debtors

Provisions against the non-recovery of debtors are made specifically against identified doubtful debtors. Additionally, a provision is made against other trade debts where appropriate.

Borrowings

Interest bearing loans and borrowings are initially recognised net of arrangement fees. These arrangement fees are amortised over the life of the related borrowing. Accrued finance costs, to the extent that they are payable within one year, are included in accruals rather than in the carrying amount of the debt.

Leases

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

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

Deferred revenue

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

Provisions

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

Specifically:

Environmental reinstatement provision

Provision is made for environmental reinstatement costs relating to the after-use of cutaway peatland and decommissioning costs. The provision is made when the circumstances giving rise to the obligation to make the reinstatement occur. The amount of the provision represents the present value of the expected future costs. Capitalised re-instatement costs are charged to the profit and loss account as depreciation on a depletion basis.

Self insurance provisions

Self insurance provisions relate to the estimated liability in respect of costs to be incurred under the Group's self insurance programmes for events occurring on or prior to the year end.

The provision is estimated based on a case by case assessment by the independent claims handling agents of the likely outcome on each case.

Legal provisions

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

Landfill restoration provision

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

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

Warranty provision

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

Redundancy provision

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

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

Pensions and post retirement benefits

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

The Group has adopted the amendment to FRS 17, 'Retirement benefits'. As a result of this, quoted securities held as plan assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change

is that the pension deficit at 25 March 2009 has increased by €2,257,000. Current and prior year profits have been unaffected by this change.

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

Taxation including deferred tax

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Deferred tax is measured, on an undiscounted basis, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Share based payment

Equity settled share based payment to employees are measured at the fair value of the equity instruments at the grant date. The fair value is expensed over the vesting period.

Share capital

Ordinary shares are classified as equity.

Dividends

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

Financial risk management

The Group's activities expose it to a variety of financial risks; foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar and the sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group Treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group Treasury's risk management policy is to hedge between 50% and 75% of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent 12 months.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign current translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Accounting year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period 27 March 2008 to 25 March 2009 (prior year: 52-week period 29 March 2007 to 26 March 2008).

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 25 March 2009

	Note	2008/2009 €'000	2007/2008 €'000
Turnover			
Continuing operations			
Existing	2	401,567	329,345
Acquisitions	2	0	41,881
Group turnover		401,567	371,226
Operating profit before reorganisation and redundancy costs and share based payment expense			
Continuing operations			
Existing	2	36,743	25,432
Acquisitions	2	0	894
		36,743	26,326
Reorganisation and redundancy costs	2	(6,867)	(3,844)
Share based payment expense	2	(6,100)	0
Operating profit			
Continuing operations			
Existing	2	23,776	21,588
Acquisitions	2	0	894
		23,776	22,482
Loss on sale of subsidiary		0	(850)
Other finance charges	5	(4,256)	(1,807)
Profit on ordinary activities before taxation		19,520	19,825
Taxation on profits on ordinary activities	6	(3,998)	(3,049)
Profit after taxation on ordinary activities		15,522	16,776
Equity minority interests	19	408	(96)
Profit for the financial year		15,930	16,680

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 25 March 2009

	Note	THE GROUP	
		2008/2009 €'000	2007/2008 €'000
Profit for the financial year		15,930	16,680
Actuarial loss recognised on pension schemes	26	(41,181)	(5,391)
Deferred tax related to actuarial loss	17(e)	5,140	696
Revaluation of investment property	9	(9,500)	(6,500)
Deferred tax on revaluation of investment property	17(e)	1,000	1,287
Exchange loss on foreign subsidiaries		(237)	(17)
Total recognised gains and losses since last annual report		(28,848)	6,755

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

for the year ended 25 March 2009

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss Account €'000	Revaluation Reserve €'000	Shareholders' Funds €'000
The GROUP						
Profit for the financial year ended 26 March 2008		0	0	16,680	0	16,680
Dividend paid	3	0	0	(8,035)	0	(8,035)
Profit retained for the financial year ended 26 March 2008		0	0	8,645	0	8,645
Actuarial loss recognised on pension schemes	26	0	0	(5,391)	0	(5,391)
Deferred tax related to actuarial loss	17(e)	0	0	696	0	696
Unrealised deficit on revaluation of investment property during the year	9	0	0	0	(6,500)	(6,500)
Deferred tax on unrealised deficit on revaluation of investment property during the year	17(e)	0	0	0	1,287	1,287
Exchange adjustments on foreign subsidiaries		0	0	(17)	0	(17)
Net increase/(decrease) in shareholders' funds		0	0	3,933	(5,213)	(1,280)
Shareholders' funds at 28 March 2007		78,663	0	133,541	23,276	235,480
Shareholders' funds at 26 March 2008		78,663	0	137,474	18,063	234,200
Profit for the financial year ended 25 March 2009		0	0	15,930	0	15,930
Dividend paid	3	0	0	(12,894)	0	(12,894)
Profit retained for the financial year ended 25 March 2009		0	0	3,036	0	3,036
Actuarial loss recognised on pension schemes	26	0	0	(41,181)	0	(41,181)
Deferred tax related to actuarial loss	17(e)	0	0	5,140	0	5,140
Unrealised deficit on revaluation of investment property during the year	9	0	0	0	(9,500)	(9,500)
Deferred tax on unrealised deficit on revaluation of investment property during the year	17(e)	0	0	0	1,000	1,000
Shares issued during the year	18	4,141	1,959	0	0	6,100
Exchange adjustments on foreign subsidiaries		0	0	(237)	0	(237)
Net increase/(decrease) in shareholders' funds		4,141	1,959	(33,242)	(8,500)	(35,642)
Shareholders' funds at 26 March 2008		78,663	0	137,474	18,063	234,200
Shareholders' funds at 25 March 2009		82,804	1,959	104,232	9,563	198,558

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss Account €'000	Revaluation Reserve €'000	Shareholders' Funds €'000
The COMPANY						
Loss for the financial year ended 26 March 2008		0	0	(7,378)	0	(7,378)
Dividend paid	3	0	0	(8,035)	0	(8,035)
Loss retained for the financial year ended 26 March 2008		0	0	(15,413)	0	(15,413)
Shareholders' funds at 28 March 2007		78,663	0	54,153	0	132,816
Shareholders' funds at 26 March 2008		78,663	0	38,740	0	117,403
Loss for the financial year ended 25 March 2009		0	0	(11,885)	0	(11,885)
Dividend received		0	0	40,000	0	40,000
Dividend paid	3	0	0	(12,894)	0	(12,894)
Profit retained for the financial year ended 25 March 2009		0	0	15,221	0	15,221
Shares issued during the year	18	4,141	1,959	0	0	6,100
Net addition to shareholders' funds		4,141	1,959	15,221	0	21,321
Shareholders' funds at 26 March 2008		78,663	0	38,740	0	117,403
Shareholders' funds at 25 March 2009		82,804	1,959	53,961	0	138,724

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies. The Company's result for the financial year, determined in accordance with Irish GAAP, is a trading loss of €11,885,000 (2008: loss of €7,378,000) and a retained profit of €15,221,000 (2008: loss of €15,413,000) after receipt of intercompany dividends of €40,000,000 (2008: €Nil).

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

GROUP BALANCE SHEET

as at 25 March 2009

	Note	25 March 2009 €'000	26 March 2008 €'000
Fixed Assets			
Intangible assets	7	52,946	56,682
Tangible assets	8	230,484	229,618
Investment properties	9	19,000	28,500
		302,430	314,800
Current Assets			
Stocks	11	79,725	85,974
Debtors	12	79,487	89,241
Cash at bank and in hand		63,673	21,071
		222,885	196,286
Creditors - amounts falling due within one year	13	(94,372)	(78,636)
Net current assets		128,513	117,650
Total assets less current liabilities		430,943	432,450
Creditors - amounts falling due after more than one year	14	(132,873)	(133,775)
Provisions for liabilities	17	(52,578)	(49,098)
Net assets before pension funds assets and liabilities		245,492	249,577
Pension fund asset	26	0	7,655
Pension funds liabilities	26	(45,427)	(21,031)
Net assets after pension funds assets and liabilities		200,065	236,201
Capital and Reserves			
Called-up share capital	18	82,804	78,663
Share premium	18	1,959	0
Revaluation reserve		9,563	18,063
Profit and loss account		104,232	137,474
Equity shareholders' funds		198,558	234,200
Minority shareholders' interests			
Equity interests	19	269	763
Non-equity interests	19	1,238	1,238
		1,507	2,001
		200,065	236,201

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

COMPANY BALANCE SHEET

as at 25 March 2009

	Note	25 March 2009 €'000	26 March 2008 €'000
Fixed Assets			
Intangible assets	7	352	453
Tangible assets	8	6,579	6,988
Financial assets	10	138,068	139,065
		144,999	146,506
Current Assets			
Debtors	12	149,004	182,478
Cash at bank and in hand		44,866	8,380
		193,870	190,858
Creditors - amounts falling due within one year	13	(64,310)	(84,338)
Net current assets		129,560	106,520
Total assets less current liabilities		274,559	253,026
Creditors - amounts falling due after more than one year	14	(117,118)	(117,071)
Provisions for liabilities	17	(14,751)	(14,642)
Net assets before pension fund liabilities		142,690	121,313
Pension fund liabilities	26	(3,966)	(3,910)
Net assets after pension fund liabilities		138,724	117,403
Capital and Reserves			
Called-up share capital	18	82,804	78,663
Share premium	18	1,959	0
Profit and loss account		53,961	38,740
Equity shareholders' funds		138,724	117,403

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

CASH FLOW STATEMENT

for the year ended 25 March 2009

	Note	2008/2009 €'000	2007/2008 €'000
Net cash inflow from operating activities	21(a)	93,421	43,197
Returns on investments and servicing of finance	21(b)	(4,438)	(4,620)
Taxation		(1,582)	(4,016)
Capital expenditure and financial investment	21(b)	(29,343)	(20,811)
Acquisition and disposal of subsidiary undertakings	21(b)	(4,963)	(46,787)
Equity dividends paid to shareholders		(12,894)	(8,035)
Net cash inflow / (outflow) before use of liquid resources and financing		40,201	(41,072)
Financing	21(b)	0	0
Increase / (decrease) in net cash		40,201	(41,072)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase / (decrease) in cash during the year	21(c)	40,201	(41,072)
Decrease / (increase) in debt and lease financing	21(c)	0	0
Change in net debt resulting from cash flows		40,201	(41,072)
Net debt at beginning of the financial year		(96,165)	(55,093)
Net debt at end of the financial year		(55,964)	(96,165)

On behalf of the Board:

Fergus McArdle
Chairman

Gabriel D'Arcy
Managing Director

NOTES TO THE FINANCIAL STATEMENTS

1. Consolidation

Bord na Móna plc is a State-owned company. 95% of its shares are held by the Minister for Communications, Energy and Natural Resources and by or on behalf of the Minister for Finance. The other 5% is held by the employees of the Group.

These financial statements include the financial statements of Bord na Móna plc and all its subsidiaries. The results of subsidiary undertakings acquired and sold are included in the consolidated profit and loss account and cashflow statement up to or from the date control passes.

2. Profit before taxation

	Continuing operations	Continuing operations		2007/2008 €'000
	2008/2009 €'000	Existing 2007/2008 €'000	Acquisition 2007/2008 €'000	
Turnover ¹				
Energy	121,557	112,452	0	112,452
Fuels	156,708	127,348	0	127,348
Horticulture	47,567	56,062	0	56,062
Resource Recovery ²	51,976	186	41,881	42,067
Environmental and other	23,759	33,297	0	33,297
	401,567	329,345	41,881	371,226
Cost of sales	(259,783)	(216,116)	(23,261)	(239,377)
Gross profit	141,784	113,229	18,620	131,849
Distribution costs	(34,374)	(27,990)	(6,825)	(34,815)
Administration expenses ³	(83,634)	(63,651)	(10,901)	(74,552)
Operating profit	23,776	21,588	894	22,482

¹ The Group is organised into five divisions, Energy, Fuels, Horticulture, Resource Recovery and Environmental. Analyses by business are based on the Group's management structure. Turnover between segments is not material. In the opinion of the Board fuller compliance with the disclosure requirements of SSAP 25, "Segmental Reporting", would be seriously prejudicial to the Group's commercial interests.

² The Group acquired the assets and business of Goff Recycling Limited, a resource recovery business, on 5 September 2008. The results of the Goff business are included in the profit and loss account from the date of acquisition and are not deemed material for separate disclosure (see Note 22(a)).

³ Administration costs includes a charge for reorganisation and redundancy costs of €6,867,000 (March 2008: €3,844,000). The Group operates a voluntary redundancy / early retirement scheme. Following the re-appraisal of certain of the Group's businesses, the Group have conducted impairment reviews of the Group's assets, in accordance with the Group's accounting policies. This process has resulted in an impairment charge of €551,000 which is included in administration expenses. Administration expense also includes a share based payment expense of €6,100,000 (Note 20). The share based payment expense is deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. Profit before taxation (continued)

	2008/2009 €'000	2007/2008 €'000
Profit before taxation is arrived at after charging / (crediting)		
Services provided by the Group's auditors¹		
Audit services	455	595
Audit related services	119	158
Non audit related services ¹	652	368
Operating lease rentals		
Plant and machinery	2,057	2,131
Land and buildings	1,218	1,113
Staff costs:		
Wages and salaries	95,849	91,300
Social welfare costs	10,023	9,311
Pension costs	3,073	3,498
	108,945	104,109
Staff costs capitalised	(782)	(1,242)
Net staff costs	108,163	102,867
Depreciation (Note 8)	30,439	26,095
Impairment of fixed assets (Note 8)	551	1,803
Amortisation of intangible assets (Note 7)	3,721	2,952
Environmental reinstatement costs (Note 17)	0	4,753
Research and business development expenditure	5,890	3,955
Capital grants amortised (Note 16)	(1,231)	(1,252)
Loss on sale of subsidiary	0	(850)
Other finance charges (Note 5)	(4,256)	(1,807)
Number of employees	2008/2009	2007/2008
Average numbers employed (including executive directors)		
Manufacturing and production	1,539	1,535
Administration	525	500
	2,064	2,035
Peak employment	2,366	2,336

¹ A further €22,000 (2008: €300,000) in respect of non-audit related services provided by the Group's auditors were capitalised.

3. Dividends

	2008/2009 €'000	2007/2008 €'000
To the Minister for Communications, Energy and Natural Resources	12,249	8,035
To Bord na Móna ESOP Trustee Limited	645	0
	12,894	8,035

The Group paid a dividend of €0.20 per share during the year (2008: €0.13). The total dividend payment for the year was €12,894,000 (2008: €8,035,000) which represented 33% of the profit for the financial year ending March 2008 and 30% of the profit for the financial year ending March 2007.

4. Directors' emoluments

	Fees €'000	Salary €'000	Performance related bonus €'000	Company contributions to pension €'000	Taxable Benefits €'000	Total €'000
Executive Directors						
Gabriel D'Arcy	14	247	76	62	20	419
Year ended 25 March 2009	14	247	76	62	20	419
Gabriel D'Arcy	2	39	11	10	2	64
John Hourican	7	250	9	29	6	301
Year ended 26 March 2008 ¹	9	289	20	39	8	365
Non executive Directors						
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4)	56	200	0	13	0	269
Other non executive directors (7)	92	0	0	0	0	92
Year ended 25 March 2009	148	200	0	13	0	361
Year ended 26 March 2008	155	186	0	13	0	354

¹ Gabriel D'Arcy succeeded John Hourican as Managing Director on 1 February 2008. Mr. Hourican completed his term of office on 30 September 2007.

5. Other finance (charges) / income

	2008/2009 €'000	2007/2008 €'000
(a) Interest and similar charges		
Interest receivable	1,354	1,086
Interest payable on borrowings wholly repayable within five years		
Bank overdraft and loan	(86)	(392)
Unsecured loan notes	(859)	0
Interest paid on borrowings wholly repayable after more than five years		
Unsecured loan notes	(4,295)	(5,196)
Amortisation of issue costs	(47)	(48)
Net interest payable	(3,933)	(4,550)
(b) Other finance (charges) and income		
Other finance income - pension schemes (Note 26)	414	3,232
Notional interest on provision for environmental costs (Note 17)	(737)	(489)
	(323)	2,743
Net other finance (charges) / income	(4,256)	(1,807)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6. Taxation

	2008/2009 €'000	2007/2008 €'000
Taxation based on the profit for the year:		
Irish corporation tax		
Current tax for the year	2,716	2,131
Adjustments in respect of prior years	(374)	(61)
	2,342	2,070
Foreign taxation		
Current tax for the year	78	92
Adjustments in respect of prior years	89	31
	167	123
Total current tax (see note below)	2,509	2,193
Deferred tax - origination and reversal of timing differences (Note 17)	1,489	856
Tax on profits on ordinary activities	3,998	3,049
Factors affecting corporation tax charge for the year		
Profit before taxation	19,520	19,825
Standard rate of corporation tax for the year	12.5%	12.5%
Profit before taxation multiplied by standard rate	2,439	2,478
Effects of:		
Expenses not deductible for tax purposes	782	13
Depreciation and amortisation in excess of capital allowances	1,467	1,742
Impairment of tangible assets	69	0
Amortisation of intangible assets	446	494
Utilisation of tax losses	(1,642)	(1,861)
Manufacturing relief	(254)	(141)
Taxation rate differences	56	121
Pension contribution relief in excess of pension cost charge	(569)	(623)
Adjustments in respect of prior years	(285)	(30)
	2,509	2,193

7. Intangible assets

THE GROUP	Goodwill 2009 €'000	Patents 2009 €'000	Total 2009 €'000	Total 2008 €'000
AT COST				
At beginning of the financial year	63,642	503	64,145	25,969
Exchange adjustment	(102)	0	(102)	(155)
Consideration and fair value adjustments (Note 22)	(2,013)	0	(2,013)	0
Additions	0	0	0	503
Arising on acquisition (Note 22)	2,065	0	2,065	48,406
Disposals	0	0	0	(10,578)
At end of the financial year	63,592	503	64,095	64,145
AMORTISATION				
At beginning of the financial year	7,413	50	7,463	13,232
Exchange adjustment	(35)	0	(35)	(50)
Disposals	0	0	0	(8,671)
Charge for year (Note 2)	3,620	101	3,721	2,952
At end of the financial year	10,998	151	11,149	7,463
NET BOOK AMOUNTS				
At beginning of the financial year	56,229	453	56,682	12,737
At end of the financial year	52,594	352	52,946	56,682

In accordance with the provisions of FRS 11 - 'Impairment of Fixed Assets', the Group has reviewed the carrying value of goodwill as at 25 March 2009 and there is no impairment arising.

THE COMPANY	Patents 2009 €'000
AT COST	
At beginning of the financial year	503
Additions	0
At end of the financial year	503
AMORTISATION	
At beginning of the financial year	50
Charge for year	101
At end of the financial year	151
NET BOOK AMOUNTS	
At beginning of the financial year	453
At end of the financial year	352

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8. Tangible assets

	Peatland, Drainage & Production Buildings €'000	Landfill €'000	Railways, Plant & Machinery €'000	Generating Assets €'000	Freehold land, Administration & Research Buildings €'000	Assets in course of construction €'000	Total €'000
(i) THE GROUP							
AT COST							
At 26 March 2008	117,419	13,327	211,974	97,536	15,609	1,367	457,232
Exchange adjustment	0	0	(51)	0	(10)	0	(61)
Additions at cost ¹	1,795	5,355	19,176	3,576	23	559	30,484
Arising on acquisition (Note 22)	0	0	2,885	0	0	0	2,885
Disposals	(4,556)	0	(5,254)	0	0	0	(9,810)
Transfers from projects in progress	0	0	693	674	0	(1,367)	0
At 25 March 2009	114,658	18,682	229,423	101,786	15,622	559	480,730
ACCUMULATED DEPRECIATION							
At 26 March 2008	70,755	149	135,303	16,786	4,621	0	227,614
Exchange adjustment	0	0	(21)	0	0	0	(21)
Arising on acquisition (Note 22)	0	0	1,087	0	0	0	1,087
Charge for year (Note 2)	5,330	2,813	16,203	5,560	533	0	30,439
Impairment ²	551	0	0	0	0	0	551
Disposals	(4,556)	0	(4,868)	0	0	0	(9,424)
At 25 March 2009	72,080	2,962	147,704	22,346	5,154	0	250,246
NET BOOK VALUE							
At 26 March 2008	46,664	13,178	76,671	80,750	10,988	1,367	229,618
At 25 March 2009	42,578	15,720	81,719	79,440	10,468	559	230,484

¹ Included in additions at cost is a sum of €1,370,000 (2008: €1,150,000) in respect of a restoration asset for the landfill site (Note 17).

² Following the appraisal of certain of the Group's businesses, the Group conducted impairment reviews of the Group's assets.

This process has resulted in a provision for diminution in value of €551,000. A discount rate of 9% was applied in calculating the value in use.

8. Tangible assets (continued)

(ii) THE COMPANY	Peatland, Drainage & Production Buildings €'000	Railways, Plant & Machinery €'000	Freehold land, Administration & Research Buildings €'000	Total €'000
AT COST				
At 26 March 2008	559	8,187	5,888	14,634
Additions at cost	0	1,197	0	1,197
At 25 March 2009	559	9,384	5,888	15,831
ACCUMULATED DEPRECIATION				
At 26 March 2008	0	4,360	3,286	7,646
Charge for year	0	1,366	240	1,606
At 25 March 2009	0	5,726	3,526	9,252
NET BOOK VALUE				
At 26 March 2008	559	3,827	2,602	6,988
At 25 March 2009	559	3,658	2,362	6,579

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

9. Investment properties

	2009 €'000	2008 €'000
At beginning of the financial year	28,500	35,000
Revaluation during year	(9,500)	(6,500)
At end of the financial year	19,000	28,500

The investment property was valued as at 25 March 2009 by DTZ Sherry Fitzgerald, Chartered Surveyors, acting as external valuers and the valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards (6th Edition) on the basis of open market value. The historical cost of investment properties is €9,437,000.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. Financial assets

THE COMPANY	Subsidiary undertakings			
	Unlisted shares €'000	Convertible loan stock €'000	Loans €'000	Total €'000
At beginning of the financial year	47,190	1,512	90,363	139,065
Acquired during year (Note 22)	1,600	0	0	1,600
Impairment during the year	0	0	(2,597)	(2,597)
At end of the financial year	48,790	1,512	87,766	138,068

During the year the Company carried out a review of its investments in subsidiary companies. The review resulted in an impairment of intercompany loans of €2,597,000.

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

The principal subsidiary companies in the Group at 25 March 2009 are as follows:

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

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

11. Stocks

	THE GROUP	
	2009 €'000	2008 €'000
Raw materials	15,075	12,174
Work in progress	633	808
Finished goods	57,584	66,422
Maintenance spares	6,433	6,570
	79,725	85,974

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

12. Debtors

	THE GROUP		THE COMPANY	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Trade debtors	57,661	67,472	0	0
Amounts due from Group companies	0	0	138,020	169,627
Corporation tax	1,980	1,927	160	80
Deferred tax (Note 17(e))	1,601	1,839	71	120
Other debtors and prepayments	18,245	18,003	10,753	12,651
	79,487	89,241	149,004	182,478
Amounts fall due as follows:-				
- within one year	78,855	88,169	51,213	43,887
- after more than one year	632	1,072	97,791	138,591
	79,487	89,241	149,004	182,478

13. Creditors - amounts falling due within one year

	THE GROUP		THE COMPANY	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Bank loans and overdraft (Note 15)	2,519	165	35,072	21,001
Capital grants (Note 16)	1,251	1,533	0	0
Trade creditors and accruals	34,051	27,748	1,566	729
Deferred revenue	6,305	6,193	0	0
Other accruals	30,608	27,303	8,367	7,586
Other creditors	15,143	7,882	0	0
Amounts due to Group companies	0	0	17,230	53,207
Creditors in respect of taxation and social welfare (see below)	4,495	7,812	2,075	1,815
	94,372	78,636	64,310	84,338
Creditors in respect of taxation and social welfare comprise:				
Income tax deducted under PAYE	1,035	1,814	1,017	965
Pay-related social insurance	1,073	877	1,058	850
Corporation tax	1,144	174	0	0
Value-added tax	966	3,783	0	0
Other taxes	277	1,164	0	0
	4,495	7,812	2,075	1,815

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

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

	THE GROUP		THE COMPANY	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Unsecured loan notes (Note 15)	117,118	117,071	117,118	117,071
Capital grants (Note 16)	15,755	16,704	0	0
	132,873	133,775	117,118	117,071

15. Bank loans, overdrafts and unsecured notes

THE GROUP	Within One Year €'000	Between One and Two Years €'000	Between Two and Five Years €'000	After more than Five Years €'000	Total €'000
	Overdrafts	2,519	0	0	0
Unsecured loan notes	0	0	19,578	97,540	117,118
At 25 March 2009	2,519	0	19,578	97,540	119,637
At 26 March 2008	165	0	0	117,071	117,236
THE COMPANY					
Overdrafts	35,072	0	0	0	35,072
Unsecured loan notes	0	0	19,578	97,540	117,118
At 25 March 2009	35,072	0	19,578	97,540	152,190
At 26 March 2008	21,001	0	0	117,071	138,072

On 25 March 2009 the Group had US\$150,000,000 fixed rate debt (€117,462,803 equivalent) arising from a US private placement transaction, which was completed on 22 June 2006. In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes. The maturity profile of the unsecured loan notes is 17% repayable in June 2013, 40% repayable in June 2016 and 43% repayable in June 2018.

Fair value of the financial instruments:

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

THE GROUP	2009 Book Value €'000	2009 Fair Value €'000	2008 Book Value €'000	2008 Fair Value €'000
	Fixed rate debt US Private Placement	117,463	128,414	117,463

The mark to market gains at 25 March 2009 on open foreign exchange contracts that hedge the foreign currency risk of anticipated expenditure was €8,094. The nominal value of the open foreign exchange contracts was €47,180,000.

16. Deferred income - capital grants

	THE GROUP	
	2009 €'000	2008 €'000
At beginning of the financial year	18,237	18,927
Additions	0	562
Amortised during the year (Note 2)	(1,231)	(1,252)
At end of the financial year	17,006	18,237
Amounts due as follows:-		
- within one year (Note 13)	1,251	1,533
- after more than one year (Note 14)	15,755	16,704
	17,006	18,237

17. Provisions for liabilities and charges

THE GROUP

	Environmental Reinstatement €'000	Reorganisation & Redundancy €'000	Insurance €'000	Other €'000	Deferred Tax excluding deferred tax on pension deficit €'000	Total €'000
At 26 March 2008	28,312	1,058	9,918	517	9,293	49,098
Charge / (credit) to the profit and loss account	0	3,728	1,800	750	(367)	5,911
Provision made during the year (Note 8)	1,370	0	0	0	0	1,370
Reversed during the year	0	0	(664)	(173)	49	(788)
Notional interest (Note 5)	737	0	0	0	0	737
Utilised during the year	(256)	(1,981)	(1,513)	0	0	(3,750)
At 25 March 2009	30,163	2,805	9,541	1,094	8,975	52,578

THE COMPANY

	Environmental Reinstatement €'000	Reorganisation & Redundancy €'000	Insurance €'000	Other €'000	Deferred Tax excluding deferred tax on pension deficit €'000	Total €'000
At 26 March 2008	4,843	478	9,121	200	0	14,642
Charge / (credit) to the profit and loss account	0	185	1,800	750	0	2,735
Reversed during the year	0	0	(664)	0	0	(664)
Utilised during the year	(88)	(663)	(1,211)	0	0	(1,962)
At 25 March 2009	4,755	0	9,046	950	0	14,751

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. Provisions for liabilities and charges (continued)

(a) Environmental Reinstatement

Environmental reinstatement costs include:

- (i) Costs that will be incurred at the end of the economic lives of the peatlands. Under the accounting standard FRS 12 provision is made for these costs when the circumstances giving rise to the obligation under the company's I.P.C. licence to make the reinstatement occur. The provision of €11,968,000 represents the present value of the expected future costs. These future costs will be charged to the provision as incurred. Notional interest on the provision is charged to the profit and loss account to release the discount over the expected life of the provision. A bog rehabilitation programme commenced four years ago following the cessation of peat harvesting at Oweninny works. The programme continued during the year ended 25 March 2009.
- (ii) Environmental provisions of €11,250,000 recognised in accordance with FRS 12 - Provisions, and FRS 7 - Fair value accounting, in respect of the Group's assessment of environmental liabilities arising on acquisition of the AES business on 15 May 2007. These provisions represent liabilities in relation to a number of AES sites and the liabilities were in existence prior to the Group's acquisition of the business. The provisions are based on the Group's estimate of future remediation costs, based on advice received from their third party environmental experts. Of the €11,250,000 provided, a portion of this is recoverable under the terms of the acquisition agreement. This amount is included in other debtors (Note 12).
- (iii) The cost of final capping and covering of landfill sites post closure of the landfill facility. In accordance with FRS 12 - Provisions, the Group's minimum unavoidable costs have been measured at 25 March 2009 and the net present value fully provided for with total associated costs of €1,370,000 capitalised within fixed assets. The Group continue to review the composition and quantum of these costs which may be impacted by a number of factors including changes in legislation and technology. The total post closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately thirty years.
- (iv) Certain other environmental restoration costs are recognised in accordance with the provisions of FRS 12 - Provisions, being the Group's estimate of waste removal and waste management costs associated with certain of their lands. These costs may be impacted by a number of factors including changes in legislation and technology. These estimates are reviewed annually.

(b) Reorganisation and Redundancy

A provision for reorganisation and redundancy costs is recognised when a constructive obligation exists. The provision represents the Directors' best estimate of the cost of these measures and it is expected to be used within the next year. Included in debtors at March 2009 is a sum of €1,169,000 (2008: €261,000) which is recoverable from the Department of Enterprise, Trade and Employment.

(c) Insurance

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

(d) Other

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

17. Provisions for liabilities and charges (continued)

(e) Deferred Tax

The deferred tax provision is comprised of :-

	THE GROUP		THE COMPANY	
	2009 €'000	2008 €'000	2009 €'000	2008 €'000
Accelerated capital allowances	9,686	11,318	(74)	(91)
General provisions	(293)	(1,541)	3	(29)
Unutilised tax losses	(2,019)	(2,323)	0	0
Undiscounted provision for deferred tax	7,374	7,454	(71)	(120)
Pension asset - deferred tax liability (Note 26)	0	1,094		
Pension liability - deferred tax asset (Note 26)	(5,923)	(2,446)		
Deferred tax including that relating to pension deficit	1,451	6,102		
Deferred tax at the beginning of the financial year	6,102	8,601	(120)	69
Deferred tax charge in the profit and loss account excluding charge related to pensions	920	303	49	(189)
Deferred tax charge in the profit and loss account related to pensions	569	553	0	0
Net deferred tax charge in the profit and loss account (Note 6)	1,489	856	49	(189)
Deferred tax arising on acquisition (Note 22)	0	(1,372)	0	0
Deferred tax charge on pension liability in statement of total recognised gains and losses	(5,140)	(696)	0	0
Deferred tax charge on investment property revaluation in statement of total recognised gains and losses	(1,000)	(1,287)	0	0
Provision at the end of the financial year	1,451	6,102	(71)	(120)
Deferred tax provision (Note 17)	8,975	9,293	0	0
Deferred tax asset (Note 12)	(1,601)	(1,839)	(71)	(120)
Deferred tax liability related to pension fund asset (Note 26)	0	1,094	0	0
Deferred tax asset related to pension fund liability (Note 26)	(5,923)	(2,446)	0	0
	1,451	6,102	(71)	(120)

At 25 March 2009 the Group had other potential deferred tax assets amounting to €393,000 (March 2008: €538,000). These assets have not been recognised due to uncertainty over recoverability.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

18. Share capital

	2009		2008	
	€'000		€'000	
Authorised				
300,000,000 ordinary shares of €1.27 each	380,921		380,921	
Allotted and fully paid	2009	2009	2009	2008
	Share	Share	Total	Total
	Capital	Premium	€'000	€'000
	€'000	€'000		
At beginning of the financial year	78,663	0	78,663	78,663
Issued during the year (Note 20)	4,141	1,959	6,100	0
At end of the financial year	82,804	1,959	84,763	78,663

In December 2009, Bord na Móna plc issued 3,260,631 shares to Bord na Móna ESOP Trustee Limited for €6,100,000. The principal rights attaching to each share include the right to exercise a vote at annual general meetings of the shareholders, entitlement to dividends from profits when declared and the right to proportionate participation in a surplus on winding up. The shares were issued at a value of €1.87 per share which resulted in a share premium of €1,959,000. Details regarding the Employee Share Ownership Plan are outlined in Note 20.

19. Minority shareholders' interests

	Equity	Non-equity	Total
	interests	interests	Total
	€'000	€'000	€'000
At 26 March 2008	763	1,238	2,001
Share of loss for the financial year	(408)	0	(408)
Dividends paid	(86)	0	(86)
At 25 March 2009	269	1,238	1,507

20. Share Based Payments

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

The savings achieved in recent years amounted to €6,100,000 and this amount has been paid by the Company to the Employee Share Ownership Trust (ESOT). Subsequently the Trust subscribed for 3,260,631 shares of €1.27 each for a total consideration of €6,100,000. The shares will be held by the Trust for a period of up to three years before being appropriated to the eligible participants through the Approved Profit Sharing Scheme (APSS). (The participants were given the option on the allocation date and will again be given the option on the first and second anniversary of the allocation date to transfer earlier to the APSS).

In accordance with FRS 20 - Share Based Payments, Bord na Móna recognised an expense in the profit and loss account and a corresponding increase in equity in respect of the fair value of the shares issued to employees.

The fair value of the shares issued was determined on a minority non-controlling basis. Factors taken into consideration in determining the fair value include the market, discounted cash flow, net assets value and the characteristics of the shares being acquired. The fair value of the shares issued relating to business transformation achieved over recent years amounted to €6,100,000.

21. Amounts included in cash flow statement

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

	2008/2009 €'000	2007/2008 €'000
Operating profit	23,776	22,482
Depreciation of tangible assets	30,439	26,095
Impairment of tangible assets	551	1,803
Amortisation of intangible assets	3,721	2,952
Loss on sale of fixed assets	250	175
Amortisation of capital grants	(1,231)	(1,252)
Difference between restructuring charge and payments	1,747	0
Difference between pension charge and cash contributions	(4,145)	(1,751)
Decrease in stocks	6,249	5,528
Decrease / (increase) in debtors	10,308	(17,629)
Increase in creditors	15,656	4,794
Share based payment expense	6,100	0
NET CASH INFLOW FROM OPERATING ACTIVITIES	93,421	43,197

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

	2008/2009 €'000	2007/2008 €'000
Returns on investments and servicing of finance		
Interest paid	(5,634)	(5,327)
Interest received	1,282	707
Dividends paid to minority shareholders in subsidiary undertaking	(86)	0
NET CASH OUTFLOW	(4,438)	(4,620)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(29,479)	(25,945)
Proceeds from disposal of fixed assets	136	5,637
Payments for intangible assets	0	(503)
NET CASH OUTFLOW	(29,343)	(20,811)
Acquisitions and disposals		
Acquisition of undertakings (Note 22)	(4,963)	(47,190)
Net overdraft acquired with subsidiary (Note 22)	0	(3,347)
Disposal of subsidiary undertaking	0	3,750
NET CASH OUTFLOW	(4,963)	(46,787)
Financing		
Cash received for issued share capital	6,100	0
Contribution to ESOP for purchase of shares	(6,100)	0
NET CASH OUTFLOW	0	0

(c) Analysis of net debt

	At beginning of year €'000	Cash flow of year €'000	At end of year €'000
Cash at bank and in hand	21,071	42,602	63,673
Debt due within one year - bank loans (Note 13)	(165)	(2,354)	(2,519)
Debt due within two to five years - unsecured loan notes (Note 15)	0	(19,578)	(19,578)
Debt due after more than five year - unsecured loan notes (Note 15)	(117,463)	19,578	(97,885)
Unsecured loan note issue costs (Note 15)	392	(47)	345
Total	(96,165)	40,201	(55,964)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

22. Acquisitions

Note 22(a) Advanced Environmental Solutions (Ireland) Limited acquired the assets and business of Goff Recycling Limited for a consideration of €3,863,000 on 5 September 2008. This acquisition has been accounted for using the acquisition method of accounting. Details of the fair values of the assets acquired and the provisional fair value adjustments are set out below.

	Book Value 2009 €'000	Provisional Fair Value Adjustment 2009 €'000	Provisional Fair Value 2009 €'000
Tangible assets (Note 8)	2,501	(703)	1,798
Net assets acquired	2,501	(703)	1,798
Goodwill arising on acquisition (Note 7)			2,065
Total consideration (including transaction costs)			3,863
Satisfied by			
Cash consideration including transaction costs (Note 21b)			3,363
Deferred consideration			500
Net cash outflow			3,863

Note 22(b) - Bord na Móna plc purchased the entire issued share capital of Advanced Environmental Solutions (Ireland) Limited for a consideration of €48,790,000 on 15 May 2007. This acquisition has been accounted for using the acquisition method of accounting. The 2008 financial statements contained provisional fair value adjustment amounts which have subsequently been finalised.

No deferred tax has been recognised on the fair value adjustments of non-monetary financial assets as there is no intention to sell AES.

	Provisional Fair Value 2008 €'000	Final Fair Value Adjustment 2009 €'000	Final Fair Value 2009 €'000
Tangible assets (Note 8)	20,779	0	20,779
Stocks	32	0	32
Debtors	11,733	263	11,996
Deferred tax (Note 17)	1,372	0	1,372
Creditors	(15,511)	3,350	(12,161)
Deferred revenue	(4,405)	0	(4,405)
Provisions (Note 17)	(11,869)	0	(11,869)
Net assets acquired	2,131	3,613	5,744
Goodwill arising on acquisition (Note 7)	48,406	(2,013)	46,393
Total consideration (including transaction costs)	50,537	1,600	52,137
Satisfied by			
Cash consideration including transaction costs (Note 21b)	47,190	1,600	48,790
Net overdraft acquired (Note 21b and 21c)	3,347	0	3,347
Net cash outflow	50,537	1,600	52,137

23. Capital commitments

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

	2009	2008
	€'000	€'000
THE GROUP		
Tangible asset commitment	2,392	4,921
	2,392	4,921
THE COMPANY		
Tangible asset commitment	0	0
	0	0

24. Financial commitments

At 25 March 2009 there were annual commitments under non-revocable operating leases expiring as follows

	Land and Buildings 2009	Plant and Machinery 2009	Land and Buildings 2008	Plant and Machinery 2008
	€'000	€'000	€'000	€'000
THE GROUP				
Operating leases which expire:				
Within one year	56	1,073	46	1,047
Within one to five years	442	1,014	190	1,512
After five years	658	0	280	0
	1,156	2,087	516	2,559
THE COMPANY				
Operating leases which expire:				
Within one year	0	17	0	17
Within one to five years	0	197	0	164
After five years	0	0	0	0
	0	214	0	181

25. Guarantees and contingent liabilities

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

In the normal course of business the Group enters into contract performance and VAT import guarantees. At 25 March 2009 the value of these guarantees was €10,709,000 (2008: €5,994,000).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

26. Pension schemes

(i) Defined benefit schemes

(a) Description of the Bord na Móna Pension schemes

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

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

Bord na Móna plc (the Company) also pays unfunded pensions to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the Company balance sheet at €3,966,000 based on an actuarial valuation at 25 March 2009 (March 2008: €3,910,000).

(b) Actuarial valuations and funding position of schemes

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

The most recent valuations for the GESS and RWESS schemes are dated 31 March 2008 and the BnM Fuels scheme valuation is dated 1 October 2007. In the actuarial valuation it was assumed that the schemes' investments will earn a real rate of investment return of 3% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €255.7 million.

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

- (i) a deficit of €16.2 million on the GESS scheme
- (ii) a deficit of €2.0 million on the BnM Fuels scheme and
- (iii) a surplus of €25.1 million on the RWESS scheme.

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

In common with many other defined benefit pension schemes, all of the schemes currently have deficits, when the total value of the respective scheme assets is compared to the actuarial value of the accrued benefits of the members.

Current pensions regulations allow in situations such as this, for a funding solution over a period of up to 10 years. A funding solution over such a period would allow the schemes to benefit from both additional employer and employee contributions and also from a potential recovery in global equity markets, which would increase the value of the scheme assets.

(c) FRS 17 - Retirement benefits

For the purposes of FRS 17 - Retirement Benefits, the actuarial valuations of the defined benefit schemes were updated to 25 March 2009 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 25 March 2009.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS Pension Schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the "balance of cost" defined benefit approach. The Group is currently engaged in discussions with employee representatives, the Pensions Board and other key stakeholders with a view to reviewing the current terms and conditions of the schemes, through a combination of increases in both employer and employee contributions to the schemes, closure of the schemes to new entrants and potentially a reduction in benefits.

The Group recognised 80% of the scheme deficits at 26 March 2008. The members share of the pension scheme deficit at 26 March 2008 was €4,559,000. Strictly for the purposes of reporting in accordance with Financial Reporting Standard 17 - Retirement Benefits' at 25 March 2009 however, 100% of the pension scheme deficits on each of the three defined benefit schemes have been recognised in the financial statements. As 100% of the current service cost and finance costs were charged to the profit and loss account in the past, this amount has been reflected in the statement of recognised gains and losses during the year ended 25 March 2009 as noted below.

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

26. Pension schemes (continued)

The amounts recognised in the Balance sheet are as follows:-

	March 2009 €'000	March 2008 €'000
Fair value of the schemes' assets ¹	186,484	253,672
Present value of the schemes' liabilities and unfunded pensions liability	(237,834)	(266,464)
Pension deficit	(51,350)	(12,792)
Related net deferred tax asset (Note 17)	5,923	1,352
Net pension deficit	(45,427)	(11,440)

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

	2008/2009 €'000	2007/2008 €'000
Analysis of the amount charged to operating profit		
Current service cost	(2,185)	(3,882)
Settlement loss	0	(197)
	(2,185)	(4,079)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	16,093	17,105
Interest on schemes' liabilities	(15,679)	(13,873)
Net return on finance income (Note 5)	414	3,232
Total profit and loss account charge	(1,771)	(847)
Actual return on schemes' assets	(64,959)	(24,068)

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

Actual return less expected return on schemes' assets	(72,302)	(41,173)
Change in asset value from mid market price to bid price	(2,257)	0
Experience gains arising on schemes' liabilities	7,686	3,787
Changes in assumptions underlying the present value of schemes' liabilities	30,251	30,040
Actuarial loss recognised	(36,622)	(7,346)
Members share of scheme deficit at 27 March 2008	(4,559)	0
Active members share of actuarial loss	0	1,955
Actuarial (loss) recognised by the Group	(41,181)	(5,391)

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses up to and including the financial year ended 25 March 2009 is €54,383,000 (2008: €13,202,000 actuarial loss).

¹The fair value of the schemes' assets at March 2008 have been restated from mid market to bid price.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

26. Pension schemes (continued)

Balance sheet as at 25 March 2009

Movement in schemes' assets and Liabilities

	Schemes' Assets €'000	Schemes' Liabilities €'000	Schemes' Deficit €'000
At 29 March 2007	282,498	(290,670)	(8,172)
Service cost charged to the profit and loss account	0	(3,882)	(3,882)
Interest on liabilities	0	(13,873)	(13,873)
Expected return on assets	17,105	0	17,105
Actual less expected return on assets	(41,173)	0	(41,173)
Experience losses on liabilities	0	3,787	3,787
Change in actuarial assumptions	0	30,040	30,040
Settlement loss	0	(197)	(197)
Contributions by members	3,462	(3,462)	0
Employers contributions paid	5,832	0	5,832
Benefits paid	(11,793)	11,793	0
At 26 March 2008	253,672	(266,464)	(12,792)
Service cost charged to the profit and loss account	0	(2,185)	(2,185)
Interest on liabilities	0	(15,679)	(15,679)
Expected return on assets	16,093	0	16,093
Members share of pension surplus at start of year	(8,750)	0	(8,750)
Actual less expected return on assets	(72,302)	0	(72,302)
Experience losses on liabilities	0	7,686	7,686
Change in actuarial assumptions	0	30,251	30,251
Contributions by members	3,531	(3,531)	0
Employers contributions paid	6,328	0	6,328
Benefits paid	(12,088)	12,088	0
At 25 March 2009	186,484	(237,834)	(51,350)

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

Expected contributions for the year to 31 March 2010 are €4,300,000.

Risks and Rewards arising from the assets

At 25 March 2009 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the assets at year end was €186,484,000. The fair value of the asset categories as a percentage of total schemes' assets were as follows:-

	March 2009 %	March 2008 %
Equities	57.2	57.9
Fixed Interest	34.4	33.3
Property	8.4	8.8
Total	100	100

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

Basis of expected return on schemes' assets

The expected return on the schemes' assets is determined based on the weighted average expected return of the underlying asset class. For equities the expected return is 7.75% and is expected to exceed that of bonds by on average 3%. The expected rate of return on fixed interest funds is 3.5% and for property assets the expected rate of return is 6.25%. Thus the overall expected rate of return on schemes' assets at 25 March 2009 is 6.16% (2008: 6.3%).

Financial Assumptions

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

	March 2009	March 2008
Rate of increase in salaries	3.00%	3.75%
Rate of increase in pensions in payment - RWESS scheme	1.25%	2.50%
Rate of increase in pensions in payment - GESS scheme	0.00%	2.50%
Discount rate	5.75%	6.00%
Inflation assumption	1.75%	2.50%

26. Pension schemes (continued)

Mortality Assumptions

The mortality assumptions are based on standard tables reflecting typical pensioner mortality. The tables used at March 2009 are based on mortality rates in the year 2030 for all employees without allowance for additional improvements. The tables used at March 2008 are based on mortality rates in the year 2020.

Retiring today	March 2009	March 2008
Males	20.5	19.8
Females	23.4	22.8

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

History of Defined Benefit Obligations, Assets and Experience Gains and Losses

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

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
	€'000	€'000	€'000	€'000	€'000
Defined benefit present value of obligation	(237,834)	(266,464)	(290,670)	(287,815)	(282,782)
Fair value of plan assets	186,484	253,672	281,654	265,035	220,160
Pension deficit	(51,350)	(12,792)	(9,016)	(22,780)	(62,622)
Experience adjustments arising on:					
the schemes' liabilities	7,686	3,787	2,302	4,269	8,756
as a percentage of the schemes' liabilities at March	3.2%	1.4%	0.8%	1.5%	3.1%
the schemes' assets	(72,302)	(41,173)	4,260	33,965	6,262
as a percentage of the schemes' assets at March	(38.6%)	(16.2%)	1.5%	12.8%	2.8%

The 2007, 2008 and 2009 scheme assets have been restated to bid market values. The 2005 and 2006 scheme asset values have not been restated and remain at mid market value.

Company pension fund liability

	2008/2009	2007/2008
	€'000	€'000
At beginning of the financial year	3,910	4,645
Utilised during year	(354)	(879)
Charge for year	410	144
At end of the financial year	3,966	3,910

(ii) Defined Contribution Schemes and Personal Retirement Savings Accounts (P.R.S.A.s)

The Group made employer contributions payable under a defined contribution scheme in respect of certain category of employees who joined the Group via acquisitions. Contributions payable by the employer to the defined contribution schemes in the year to 25 March 2009 amounted to €209,000 (2008: €198,000) which were charged to the profit and loss account and €0 (2008: €0) was payable at year end.

In addition and in compliance with the provisions of the Pensions Act 1990 (as amended), Bord na Móna plc has appointed Personal Retirement Savings Accounts (P.R.S.A.s) providers. During the year to 25 March 2009 the Group contributed €679,400 (2008: €342,000) on behalf of its employees which was charged to the profit and loss account and €4,858 (2008: €4,850) was payable at year end.

27. Related Party Transactions

In common with many other entities, Bord na Móna plc deals in the normal course of business with other State-owned companies. Long term agreements are negotiated between Bord na Móna plc and the E.S.B. in relation to the sale of peat and ancillary services to its power stations.

28. Post balance sheet events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the accounts or any additional disclosures.

29. Board approval

The Board approved the financial statements on 23 June 2009.

APPENDICES - PRODUCTION AND SALES STATISTICS

	2008/09 000's	2007/08 000's	2006/07 000's	2005/06 000's	2004/05 000's
PRODUCTION					
Milled peat - tonnes	2,910	2,536	3,668	3,941	4,164
Horticulture - cubic metres	1,701	1,889	1,803	1,701	1,822
Briquettes - tonnes	217	209	231	230	209

SALES

Milled Peat					
To power stations - tonnes	3,054	2,412	2,406	2,780	1,981
To Bord na Móna factories - tonnes	882	904	944	909	878
Total	3,936	3,316	3,350	3,689	2,859
Horticulture - cubic metres	1,724	1,922	1,800	1,786	1,818
Briquettes - tonnes	245	217	216	233	225

VALUE OF SALES¹

	€'000	€'000	€'000	€'000	€'000
Milled peat to power stations	94,746	75,934	70,950	74,648	50,363
Electricity	56,636	56,590	19,921	0	0
Horticulture	47,567	56,062	53,220	51,324	54,030
Briquettes	42,894	36,714	34,217	35,324	32,018
Coal	65,832	46,985	46,389	46,278	40,233
Convenience fuel products	10,577	9,189	8,229	7,198	5,893
Oil	40,443	34,504	35,022	40,135	31,440
Resource recovery	51,976	42,067	0	0	0
Environmental products	18,809	29,218	33,416	27,462	32,363
Exports included above	49,797	55,259	52,487	50,656	52,032

¹ Before elimination of inter-company sales

SUMMARY OF FINANCIAL STATISTICS

	2008/09 €m	2007/08 €m	2006/07 €m	2005/06 €m	Restated 2004/05 €m
PROFIT & LOSS ACCOUNT					
Turnover	402	371	299	296	258
Operating costs	(378)	(349)	(275)	(266)	(254)
Operating profit	24	22	24	30	4
Profit on sale of fixed assets	0	0	4	4	1
Interest payable	(4)	(2)	1	0	0
Taxation	(4)	(3)	(4)	(5)	(1)
Profit after taxation	16	17	25	29	4
BALANCE SHEET					
Stocks	80	86	93	83	80
Debtors	79	89	62	53	56
Creditors - amounts falling due within one year	(93)	(81)	(65)	(57)	(55)
Working capital	66	94	90	79	81
Fixed assets	302	315	263	165	162
Total assets less current liabilities excluding net debt	368	409	353	244	243
Net (debt) / cash	(56)	(96)	(55)	12	(20)
Provisions for liabilities and charges and long term creditors	(68)	(66)	(49)	(29)	(26)
Net pension fund liabilities	(45)	(13)	(13)	(21)	(46)
Net assets	199	234	236	206	151
Shareholders' funds	199	234	236	206	151
KEY FINANCIAL RATIOS					
Operating profit ¹ /turnover	5.9%	6.1%	7.9%	10.1%	1.4%
Profit/turnover	4.0%	4.5%	8.2%	9.7%	1.6%
Gross return on net capital employed	7.2%	6.9%	9.1%	16.6%	2.1%
EBITDA / interest cover (times)	14.6	11.4	32.2	112.6	70.0
Current ratio (times)	1.7	2.2	2.5	1.7	1.4
Staff costs (€m)	108.9	104.1	95.2	90.5	105.3
Numbers employed at peak	2,366	2,336	2,017	2,088	2,177

¹ As defined in note 2

BUSINESS ADDRESSES 2009

Bord na Móna plc

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

Bord na Móna Environmental Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Fax: 045 432312
E-mail: ed.info@bnm.ie/environmental

Bord na Móna Energy Limited

Derrygreenagh
Rochfortbridge
Mullingar
Co. Westmeath
Tel: 044 9222181
Fax: 044 9222344
Web: www.bnm.ie/energy

Bord na Móna Horticulture Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439848
Fax: 045 439849
Web: www.bnm.ie/horticulture

Bord na Móna Fuels Limited

Main Street
Newbridge
Co. Kildare
Tel: 045 439000
Fax: 045 432886
Web: www.bnm.ie/fuels

AES (Ireland) Limited

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

BORD NA MÓNA 

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