

FINANCIAL STATEMENTS

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REPORT OF THE BOARD

YEAR ENDED 31 DECEMBER 2009

The Board presents its report together with the audited financial statements for the year ended 31 December 2009.

Principal Activities

The principal activities of Bord Gáis Éireann are the transportation of natural gas, the generation of renewable energy and the sale of natural gas and electricity to residential and business customers. Construction of a gas fired power station at Whitegate, Co. Cork is at an advanced stage.

Results and Business Review

The financial results show a profit on ordinary activities before taxation for the financial year of €118.9 million compared to €150.6 million for 2008. Details of the results for the year are set out in the Consolidated Profit and Loss Account on Page 68 and in the related notes.

Further commentary on performance during the year ended 31 December 2009, including the financial position, information on recent events, and likely future developments, are contained in the Chairman's Statement, the Chief Executive's Review and the Financial Review.

The acquisition of SWS Natural Resources on 4 December 2009 represented a significant increase in the scope of operations. Arrangements are underway to integrate the processes and procedures of Bord Gáis Éireann into this subsidiary.

There have been no significant events affecting Bord Gáis Éireann since the year end.

Corporate Governance

In June 2009, the Department of Finance issued a revised Code of Practice for the Governance of State Bodies with which Bord Gáis Éireann is required to comply.

Well established processes are embedded within the organisation to comply with the existing key provisions which include:

- A requirement for written Codes of Conduct for directors and employees.
- A written constitution and responsibilities of the Internal Audit function.
- Compliance with national and EU tendering and procurement procedures.
- Procedures in respect of the disposal of assets or access to assets by third parties for commercial arrangements.
- Prior written approval of the Minister for Communications, Energy and Natural Resources (the "Minister") for any intended action, which would extend or change significantly the nature, scope or scale of current business activities.
- Prior written approval of the Minister and the Minister for Finance for establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares.
- Adherence to the guidelines for the appraisal and management of capital expenditure proposals as issued by the Department of Finance in January 2005.
- Implementation of Government policy on the remuneration of the Chief Executive.
- Delivery of interim half year unaudited accounts to the Department of Communications, Energy and Natural Resources (the "Department") within two months of half-year end. The Annual Report and Accounts should be published not later than four months after the year-end. Also, the Chairman must furnish separately to the Minister, with the Annual Report and Accounts, a comprehensive report covering the company's business activities.
- Chairpersons of each subsidiary formally report to the main Board on compliance with the Code of Practice in a similar manner as the Chairman of the main Board reports to the Minister.
- Production of Strategic and Corporate Plans in the first six months of the year, approved by the Board and sent to the Minister and Minister for Finance.
- Annual submission to the Department of a statement confirming compliance with taxation laws and confirming that all tax liabilities are paid on or before the due date.

Arrangements have been put in place to comply with the new requirements of the revised Code of Practice.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Corporate Governance continued

These new requirements include:

- A formal annual performance evaluation of the Board, as well as a requirement for the Board to constantly review its own performance and that of its committees and individual directors.
- Adoption of a statement of strategy for a period of three to five years ahead.
- Linking major items of expenditure to medium to long term strategies.
- The development of a Risk Management Policy, the effectiveness of which should be monitored by the Board.
- Consideration should be given to the establishment of a Risk Committee.
- Where a Board Chair is of the view that specific skills are required on the Board, he/she should advise the relevant Minister of this view in order that the Minister may take the Chair's views into consideration when making appointments.
- Revised thresholds in respect of the disposal of assets or access to assets by third parties for commercial arrangements.
- Publication in the Annual Report of fees paid to each director, the expenses paid to the Board, broken down by category, and the salary of the Chief Executive Officer.
- Adoption of a policy on foreign travel.
- Adoption of a policy for confidential disclosures regarding possible irregularities in financial reporting.
- Guidelines regarding disputes with other State Bodies.

The Combined Code on Corporate Governance sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit, and relations with shareholders.

The Combined Code contains broad principles and more specific provisions. As part of the Listing Rules, companies listed on the Irish Stock Exchange are required to report on how they have applied the principles of the Combined Code, and either to confirm that they have complied with the provisions of the Combined Code or, where they have not, to provide an explanation.

The Financial Reporting Council (FRC) began a review of the effectiveness of the Combined Code in March 2009 and published its findings in December 2009. It found that while the Combined Code and its related guidance require some updating, it remains broadly fit for purpose. The main changes, which are proposed to apply to accounting periods beginning on or after 29 June 2010, include new Code principles on: the roles of the Chairman and non-executive directors; the need for the board to have an appropriate mix of skills, experience and independence; the commitment levels expected of directors; and the board's responsibility for defining the company's risk appetite and tolerance.

The proposed new Code also includes the following new provisions: board evaluation reviews to be externally facilitated at least every three years; and the Chairman to hold regular development reviews with all directors.

Bord Gáis Éireann is a body corporate established under the Gas Act, 1976, and, as a result, is not required to adhere to the Combined Code. However, the Board is committed to achieving the highest standards of corporate governance and ethical business conduct and the principles of Section 1 of the Combined Code are applied with the following exceptions:

Board Balance and Independence: The composition of the Board is a matter for the Minister and the Board currently has one executive Member as outlined below.

Appointments to the Board and Re-election: The appointment and re-appointment of Board Members is a matter for the Minister.

Level and Make-up of Remuneration: The Remuneration Committee, chaired by the Chairman, considers and makes recommendations to the Board solely on the remuneration of the Chief Executive. The remuneration of non-executive Board Members is a matter for the Minister.

Constructive use of the AGM: An Annual General Meeting cannot be held as it is not provided for under the Gas Acts 1976 to 2002. A meeting of Capital Stockholders is held in accordance with the Capital Stock Scheme implemented as part of the Bord Gáis Employee Share Ownership Plan.

Bord Gáis Éireann complies with the provisions of Section 1 of the Combined Code with the following exception:

The Board has agreed that the appointment of a Senior Independent Director would not be appropriate in the context of Bord Gáis Éireann as a semi-state organisation.

Bord Gáis Éireann also complies with the corporate governance and other obligations imposed by the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Corporate Governance continued

Board Membership

The names of the Board Members and a short biographical note on each Member are as set out on page 10.

At 31 December 2009, the Board comprised of the Chief Executive and eight independent non-executive Board Members (including the Chairman) who are appointed by the Minister. The only executive Board Member is the Chief Executive.

Board Members are generally appointed for five year terms and the terms and conditions of appointments and details of Board Members' fees are set out in writing.

The Roles of the Chairman and the Chief Executive

The roles of the Chairman and Chief Executive are separate and there is clear division of responsibilities between them.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all Board Members and constructive relations between the Chief Executive and the other Board Members and ensures that Board Members receive relevant, accurate and timely information.

The Chief Executive has direct charge of Bord Gáis Éireann on a day to day basis and is accountable to the Board for financial and operational performance.

The Board has delegated the following responsibilities to the Chief Executive:

- the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board;
- implementation of the strategies and policies of the organisation as determined by the Board;
- monitoring of the operating and financial results against plans and budgets;
- prioritising the allocation of technical and human resources;
- implementing risk management systems.

The Chief Executive is accountable to the Board for all authority delegated to executive management.

The Board

While day to day responsibility for leadership and control is delegated, within defined authority limits, to the Chief Executive and his Management Team, the Board is ultimately accountable for the performance of Bord Gáis Éireann.

The following matters are reserved for Board approval:

- Corporate Plan
- Annual Report and Financial Statements
- Treasury Policy
- Risk Management Policy
- Energy Trading Risk Management Policy
- General Tendering and Purchasing Procedures
- Review of Effectiveness of System of Internal Control
- Annual Budget
- Expenditure Authorisation Levels Including Terms of Major Contracts
- Code of Conduct
- Disaster Contingency Plans
- Policy on Determination of Senior Management Remuneration
- Appointment, Remuneration and Assessment of Performance of the Chief Executive
- Significant Amendments to Pension Benefits of the Chief Executive and Staff (which may require Ministerial approval).

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Corporate Governance continued

The Board Members, in the furtherance of their duties, can at the expense of Bord Gáis Éireann, take independent professional advice. All Board Members have access to the advice and services of the Secretary who is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Insurance cover is in place to protect Board Members and Officers against liability arising from legal actions taken against them in the course of their duties.

The Board recognises the need to ensure that Board Members are aware of their legal and fiduciary responsibilities and that they are kept up to date and fully informed of industry, economic and corporate governance developments and changes in best practice.

An induction process is in place for new Board Members and a comprehensive set of briefing papers is issued to all Board Members on their appointment.

Board papers, which include monthly Management Accounts, are sent to Board Members in the week prior to Board Meetings.

Briefings by specialist external speakers are provided at Board meetings on a regular basis.

Board Members' Remuneration

The Minister determines the fees payable to Board Members. Board Members fees and expenses during 2009 are set out below.

Board Member	Fees €	Date of Appointment/Retirement
Rose Hynes (Chairman)	22,978	Appointed as Chairman 28th July 2009
Ed O'Connell (former Chairman)	16,333	Retired 30th June 2009
John Mullins (Chief Executive)	16,188	
Laurence Crowley	6,563	Appointed 1st August 2009
Aidan Eames	11,753	Warrant of appointment renewed 10th June 2009
Proinsias Kitt	17,388	Acting Chairman for period 30th June 2009 to 28th July 2009
Joe O'Flynn	16,188	
Mike O'Hara	16,188	
Pearse O'Hanrahan	16,188	
Laurence K. Shields	8,770	Appointed 10th June 2009

Expenses Paid to Board	€
Mileage	12,320
Other Travel	650
Subsistence	1,325
Telephone	994

The remuneration of the Chief Executive is in line with "Guidelines on Contracts, Remuneration and other Conditions of Chief Executives and Senior Management of Commercial State Bodies" issued in March 2006 and is summarised in note 2 to the Financial Statements.

Board Members' Independence

Non-executive Board Members are independent of management and are required to declare any interests or relationship which could interfere with the exercise of their independent judgement.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Corporate Governance continued

Board Evaluation

The Board has completed annual formal evaluations of its own performance, that of individual Board Members and of its Committees. The process by which the Board and Committee evaluation was undertaken involved the completion by the Board Members of a detailed questionnaire and preparation of a report back to the Board. In the case of individual Board Member performance this was carried out by means of a one to one session with the Chairman.

The non-executive Board Members meet annually to carry out a performance evaluation of the Chairman taking into account the views of the Chief Executive.

Attendance at Meetings

Board Member	Attendance at Scheduled Meetings	Attendance at Special Meetings*
Rose Hynes (Chairman)	(10/10)	(4/4)
Ed O'Connell (former Chairman)	(6/6)(p)	(1/1)(p)
John Mullins (Chief Executive)	(10/10)	(4/4)
Laurence Crowley	(3/3)(p)	(2/3)(p)
Aidan Eames	(7/7)(p)	(3/4)
Proinsias Kitt	(8/10)	(4/4)
Joe O'Flynn	(9/10)	(1/4)
Mike O'Hara	(8/10)	(4/4)
Pearse O'Hanrahan	(9/10)	(4/4)
Laurence K. Shields	(5/5)(p)	(3/3)(p)

(p) refers to the number of meetings it was possible to attend relative to the dates of appointment/retirement.

* Special Board Meetings are additional to Scheduled Board Meetings.

Board Committees in 2009

The Board has an effective committee structure to assist in the discharge of its responsibilities. At 31 December 2009, the Board had four committees, each of which has formal terms of reference. During the year the Audit Committee and Finance Committee were amalgamated to form an Audit and Finance Committee and a separate Risk Committee was also established.

The following table outlines membership of the committees and attendance at meetings during 2009:

Audit	Finance	Audit and Finance
P. Kitt (Chairman) (3/3)	P. Kitt (Chairman) (3/4)	P. Kitt (Chairman) (1/1)
L. Crowley (1/1)(p)	A. Eames (1/1)(p)	L. Crowley (1/1)
A. Eames (2/2)(p)	R. Hynes (4/4)	A. Eames (1/1)
R. Hynes (2/2)(p)	P. O'Hanrahan (4/4)	J. O'Flynn (1/1)
P. O'Hanrahan (3/3)	J. O'Flynn (3/4)	
J. O'Flynn (3/3)		
Risk	Investment / Infrastructure	Remuneration
A. Eames (Chairman) (2/2)	P. O'Hanrahan (Chairman) (9/9)	R. Hynes (Chairman) (0/0)(p)
L. Crowley (2/2)	R. Hynes (9/9)	E. O'Connell (former Chairman) (2/2)
P. Kitt (2/2)	J. Mullins (9/9)	A. Eames (2/2)
P. O'Hanrahan (2/2)	J. O'Flynn (5/9)	M. O'Hara (2/2)
	L.K. Shields (2/2)(p)	L.K. Shields (0/0)(p)

(p) refers to the number of meetings it was possible to attend relative to the dates of committee membership.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Corporate Governance continued

Audit and Finance Committee

The main function of the Audit and Finance Committee is to assist the Board in fulfilling its responsibilities in ensuring the appropriateness and completeness of the system of internal control, reviewing the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems and thereby maintaining an effective system of internal control. The Committee carries out this responsibility in close liaison with the Board Risk Committee, which advises the Board in establishing the Board's risk appetite and setting standards for the Board's risk control framework.

The internal and external auditors meet with the Audit and Finance Committee as provided for in the Committee's Terms of Reference and the Internal Audit Charter. The Audit and Finance Committee meets quarterly with the internal audit function and periodically with the external auditor to discuss control issues, financial reporting and other related matters. The Chairman of the Audit and Finance Committee reports to the Board on all significant issues considered by the Committee.

During 2009 the Audit and Finance Committee reviewed the annual financial statements, the system of internal controls, the reports of the Internal and External Auditors and Risk Management, monitored the effectiveness of internal audit and considered and made recommendations to the Board on the annual operating plan and budget. During 2009 the amalgamation of the Risk Management and Internal Audit functions was completed under a new Head of Internal Audit and Risk with the operational resource requirements for Internal Audit provided by an outsourced service provider selected by means of a competitive tender process.

The Audit and Finance Committee Terms of Reference include the consideration and recommendation on the appointment of the External Auditor. The Committee has approved a policy on the engagement of the External Auditor for non-audit work which ensures that independence and objectivity is safeguarded in accordance with best practice. The Internal and External Auditors have full and unrestricted access to the Audit and Finance Committee. The Head of Internal Audit and Risk reports functionally to the Audit and Finance Committee, administratively to the Finance Director and also has a direct line of communication with the Chief Executive. The Terms of Reference were updated during 2009 to reflect the amalgamation of the Audit Committee with the Finance Committee and also to reflect the transfer of certain risk management functions to the Risk Committee. The Board is satisfied that at all times during the year at least one Member of the Committee had recent and relevant financial experience.

A Raising Concerns Policy is included in the Code of Business Conduct. Review of this policy is included in the Terms of Reference of the Audit and Finance Committee.

Risk Committee

The role of the Risk Committee is to assist the Board in the effective discharge of its responsibilities for business, strategic, operational, trading, treasury, contract, reputational, information security, technical, legal and regulatory risk management. This includes approving and monitoring the organisation's risk management strategy, control processes and reporting systems. The establishment of this Committee is aligned with the new requirements of the Code of Practice for the Governance of State Bodies. The Head of Internal Audit and Risk reports directly to the Risk Committee in relation to risk management.

Investment and Infrastructure Committee

The Investment and Infrastructure Committee meets regularly to evaluate new development opportunities and monitors projects involving significant capital expenditure and reports to the Board on a regular basis to ensure that new developments, opportunities and projects meet appropriate criteria including, amongst other considerations, shareholder return expectations.

Remuneration Committee

The Remuneration Committee considers and makes recommendations to the Board on the remuneration and other terms and conditions of employment of the Chief Executive. The Committee monitors the development of current and future management of Bord Gáis Éireann. During 2009 the Committee considered the 2008 outturn and 2009 targets for performance related pay which is linked to the Balanced Scorecard process.

Communication with the Principal Shareholder

Through regular contact with the Department of Communications, Energy and Natural Resources, the Board and management maintain an ongoing dialogue with the principal shareholder on strategic issues to ensure that Board Members are aware of and kept up to date on the views of the shareholder.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Principal Risks and Uncertainties

Bord Gáis Éireann has a well established enterprise wide risk management process that ensures risks are consistently identified, assessed, recorded and reported across all Business Units and functions. Risk Registers are maintained and updated quarterly. The process is based on both bottom-up and top-down assessments of operational, financial, and other business and project risks. This risk process has identified the following key risks and uncertainties that may affect the future development of Bord Gáis Éireann:

Safety: A major safety incident could result in injury, loss of life or a security of supply issue. Attention to safety and promoting best practice in the safe and responsible use of natural gas is a key priority for Bord Gáis Éireann. Bord Gáis Éireann operates a comprehensive safety programme in dealing with staff, contractors and the public.

Regulation: Bord Gáis Éireann's business activities are subject to a broad range of legislative provisions and regulation. The scope of activities subject to regulation makes this a significant risk issue for Bord Gáis Éireann as changes in the evolving regulatory climate and framework in which Bord Gáis Éireann operates may impact unfavourably. Directive 2009/73/EC of the European Parliament and of the Council (The Third Directive) concerning common rules for the internal market in natural gas came into effect on 3 September 2009 repealing the existing Second Gas Directive. The issues addressed by the Third Directive include further unbundling of gas transmission from gas supply. A reorganisation of Bord Gáis Éireann consequent upon the implementation of the Third Directive could have a material effect on BGE's business, results of operations and/or financial condition. The other main regulatory risks faced by Bord Gáis Éireann include licence compliance, the impact of price control reviews, and other changes to market mechanisms such as the Single Electricity Market (SEM) and the planned Common Arrangement for Gas (CAG). Regulatory risks are managed by senior management within the relevant Business Units through comprehensive licence compliance programmes and through a pro-active approach to engaging with the Regulatory Authorities on regulatory developments. These activities are overseen by regulatory and risk functions at corporate level to ensure continued compliance with all regulatory requirements.

Financing: Recent financial market turmoil has increased Bord Gáis Éireann's exposure to interest rate, currency, liquidity and counterparty risks. These risks are managed centrally by the Treasury function, within parameters set out in the Treasury Policy. Further information is contained in the Financial Review.

Trading Risk: Bord Gáis Éireann is subject to trading risks associated with the purchase and sale of gas and electricity, Bord Gáis Éireann's gas and electricity trading activities are managed in accordance with Board approved policies which incorporate best practice principles for managing risks. The Energy Trading Risk Management Policy is described in more detail in the Financial Review.

Business Development Activity: Business development activities, including acquisitions such as the acquisition of SWS Natural Resources, and investments in new businesses and new energy assets, may not deliver the planned growth or rate of return due to unanticipated events. Detailed plans and mitigating actions are in place to ensure such risks are minimised. Further details concerning the acquisition of SWS Natural Resources and other transactions undertaken during 2009, are contained in the Chief Executive's Review.

Project Delivery and Asset Performance: Project delivery in general is subject to technical, commercial, contractor, planning permission, relevant approvals and economic risks. Failure to secure grid connections is an additional key risk on electricity development projects. Following the successful acquisition of SWS Natural Resources, Bord Gáis Éireann is exposed to build out risk for wind farms under development. Bord Gáis Éireann's 445MW combined cycle gas turbine (CCGT) electricity generation plant in Whitegate, Co. Cork, is expected to be commercially operational in mid-2010. The commissioning phase is critical as failure to fully test the plant may have a significant impact on plant integrity and performance when the plant becomes operational. Stringent project management controls are in place to manage these and other risks on all projects. These controls, which include detailed reporting on significant capital expenditure projects to the Investment and Infrastructure Committee, ensure projects are delivered on time and within budget to achieve strategic objectives and operational excellence.

In common with all operators, Bord Gáis Éireann is exposed to unplanned breakdowns or other performance issues with electricity assets, including wind farms. These risks are minimised through contractual arrangements for operating and maintenance procedures and through insurance.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Principal Risks and Uncertainties continued

Pensions: Bord Gáis Éireann operates defined benefit pension schemes for its employees. In common with most other schemes, stock market volatility during 2008 significantly reduced the value of assets held by the pension schemes. Bord Gáis Éireann, in cooperation with the pension fund trustees and members is currently engaged in the process of agreeing the implementation of increases in line with actuarial recommendations to ensure the schemes continue to be adequately funded in accordance with relevant requirements.

Information Systems: Effective and secure information systems are critical for the efficient management and accurate billing of customers and to support other operational activities. Business continuity plans are in place to manage the risk of any significant disruption to these systems. Controls to ensure the confidentiality and the integrity of customer and other data remain a priority. Arising from the theft of four laptops specific measures were taken to enhance these controls. These measures include, but are not limited to, the completion of the encryption process on all laptops during 2009, a review of the handling of data and information across the organisation and a revised governance structure to support the Information Security process which is capable of meeting the high standards of information security and data protection expected within Bord Gáis Éireann. Investment in systems, supported by strong project management, is ongoing.

Economic Climate: Current economic and financial market conditions are expected to continue during 2010. The impact of these risks on Bord Gáis Éireann's operations and financial results is closely monitored and actively managed. Risk areas particularly impacted include customer collection, supplier performance, counterparty default and energy demand. Appropriate controls and mitigating actions are in place to address these exposures.

Appropriate actions are being taken by management to manage these risks. The enterprise wide risk process ensures that emerging risks are identified and that all known risks are continually assessed.

Internal Audit and Risk Management

As part of ongoing improvement to governance and risk management processes within Bord Gáis Éireann, a strategic decision was made in 2008 to combine the existing Risk Management and Internal Audit functions under a new Head of Internal Audit and Risk. The Head of Internal Audit and Risk reports directly to the Audit and Finance Committee and to the newly established Risk Committee. This new governance structure is now fully operational and provides a stronger basis for assurance that key business risks are being mitigated to the level expected by the Board. The operational resource requirements for Internal Audit are supported by an external service provider. This facilitates a stronger focus on the provision of specialised Internal Audit services in key business areas such as Energy Trading and Treasury and reflects Bord Gáis Éireann's commitment to robust control and governance across the organisation.

Internal Controls

An internal control system encompasses the policies, processes, tasks, behaviours and other aspects of an organisation that, taken together:

- Facilitate effective and efficient operations by enabling the organisation to respond to risks.
- Help ensure the quality of internal and external reporting.
- Help ensure compliance with applicable laws, regulations and internal policies.

The Board has overall responsibility for the systems of internal control and for monitoring the effectiveness of internal controls. 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 provide reasonable but not absolute assurance against material misstatement or loss.

In order to discharge that responsibility in a manner which ensures compliance with legislation and regulations, the Board has established an organisational structure with clear operating and reporting procedures, secured the services of appropriately qualified personnel, designed suitable lines of responsibility, put in place appropriate authorisation limits, made arrangements in respect of segregation of duties and delegated the necessary authority for decision making.

REPORT OF THE BOARD continued

YEAR ENDED 31 DECEMBER 2009

Internal Controls continued

The system of internal control includes the following:

- Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Board.
- Comprehensive budgeting systems with an annual budget which is subject to approval by the Board.
- Comprehensive system of financial reporting. Cumulative monthly actual results are reported against budget and considered by the Board on a monthly basis. The Board questions significant changes or adverse variances and remedial action is taken where appropriate.
- Comprehensive set of policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require the approval of the Board, and are closely monitored on an ongoing basis by the Investment and Infrastructure Committee of the Board.
- Comprehensive set of management information and performance indicators which are produced quarterly using a series of interrelated balanced scorecards. This enables progress against longer-term objectives and annual budgets to be monitored, trends evaluated and variances acted upon.
- Risk management process which enables identification and assessment of risks that could impact the achievement of agreed business objectives and ensures that appropriate mitigating measures and controls are put in place. The process is led by an Executive Group Risk Management Committee chaired by the Chief Executive with regular reports to the Risk Committee.
- Code of ethics that requires all employees to maintain the highest ethical standards in conducting business.
- Responsibility by management at all levels for internal control over their respective business functions.
- Corporate governance framework, which includes risk analysis and financial control review. This is monitored by Internal Audit and Risk, which reports to the Audit and Finance Committee and the Risk Committee on an ongoing basis.
- Internal Audit and Risk conducts a systematic review of internal financial controls. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis.

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

An ongoing process for identifying, evaluating and managing significant risks has operated throughout the year and up to the date of approval of the financial statements. This process accords with the Turnbull Guidance on the Combined Code.

The Board has reviewed the effectiveness of the systems of internal control up to the date of approval of the financial statements. A detailed review was performed by the Audit and Finance Committee, which reported its findings back to the Board. The process used to review the effectiveness of the system of internal control includes:

- Review and consideration of the programme of Internal Audit and consideration of its reports and findings.
- Review of regular reporting from Internal Audit on the status of the internal control environment, and the status of issues raised previously from their own reports and reports from the external auditors.
- Close liaison with the Risk Committee which reviews Risk Management Activity Reports from the Executive Group Risk Management Committee on risks, controls and implementation status of action plans.
- Review and consideration of the report by the Chief Executive on the effectiveness of the operation of the systems of internal control, both financial and operational.
- Review of reports from the external auditors which contain details of any material internal financial control issues identified by them in their work as auditors.

Going Concern

The Financial Statements are prepared on a going concern basis as the Board, after making appropriate enquiries, is satisfied that Bord Gáis Éireann has adequate resources to continue in operation for the foreseeable future.

REPORT OF THE BOARD continued YEAR ENDED 31 DECEMBER 2009

Prompt Payments

The Board acknowledges its responsibility for ensuring compliance with the provisions of the EU Directive 2000/35/EC – Late Payments in Commercial Transactions Regulations, 2002. Procedures have been put in place to identify the dates upon which invoices fall due for payment and for payments to be made on such dates, and accordingly, the Board is satisfied that Bord Gáis Éireann has complied with the requirements of the Regulations.

Health and Safety

The well being of Bord Gáis Éireann's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and Bord Gáis Éireann takes the necessary action to ensure compliance with the Act.

Raising Concerns

The mechanism whereby Bord Gáis Éireann's employees can raise concerns, which cannot be appropriately addressed through normal channels, is outlined within the Code of Business Conduct for Employees. A confidential e-mail address is available to all employees for the submission of any concerns, including those of a financial nature. The Code of Business Conduct for Employees, including the e-mail address, is published on the website.

Interests of Board Members and Secretary

The Non-Executive Board Members had no interest in Bord Gáis Éireann or subsidiary companies during the year. The Chief Executive and Secretary are beneficiaries of the Employee Share Ownership Plan.

Accounting Records

The Board has employed accounting personnel with appropriate expertise and provided adequate resources to the financial function to ensure compliance with the Board's obligation to keep proper books of account. The books of account of Bord Gáis Éireann are held at Gasworks Road, Cork.

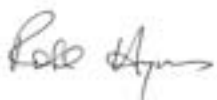
Political Donations

Bord Gáis Éireann did not make any donations to political parties during the year.

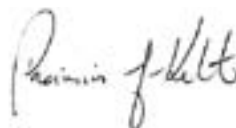
Auditors

In 2007, Bord Gáis Éireann received Ministerial approval in accordance with Section 15(2) of the Gas Act, 1976 for the appointment of Deloitte & Touche as Auditors for the years 2007, 2008 and 2009.

For and on behalf of the Board:



Chairman



Member of the Board

BOARD RESPONSIBILITIES STATEMENT

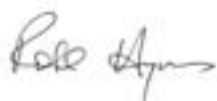
YEAR ENDED 31 DECEMBER 2009

The Board is responsible for the preparation of the accompanying financial statements, which in the opinion of the Board give a true and fair view of the state of affairs of Bord Gáis Éireann and its subsidiaries and of its profit for the period. The Board prepares financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland. The Board maintains proper books of account in compliance with the obligations imposed by the Gas Acts 1976 to 2002. The Board is responsible for reviewing the effectiveness of the system of internal controls comprising Financial, Operational, Compliance and Risk Management, and for reporting thereon to the Minister for Communications, Energy and Natural Resources. The Board is also responsible for safeguarding the assets of Bord Gáis Éireann and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

In preparing the financial statements the Board is satisfied that:

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates used are reasonable and prudent.
- Preparation of the financial statements on the going concern basis is appropriate.

For and on behalf of the Board:



Chairman



Member of the Board

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BORD GÁIS ÉIREANN

We have audited the financial statements of Bord Gáis Éireann ("the Group") for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and holding entity Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 35. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members, in accordance with Section 15 of the Gas Act 1976. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bord Gáis Éireann and its members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

The Board is responsible for preparing the Annual Report, including as set out in the Board Responsibilities Statement, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. We also report to you whether in our opinion: proper books of account have been kept by Bord Gáis Éireann; and whether the information given in the Report of the Board is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the holding entity balance sheet is in agreement with the books of account.

We review whether the statement regarding the system of internal financial control required by the Code of Practice for the Governance of State Bodies made in the Report of the Board reflects the Group's compliance with the relevant provisions of the Code and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the Report of the Board, the Chairman's Statement, the Chief Executive's Review and the Financial Review. 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 judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group'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 evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF BORD GÁIS ÉIREANN

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 affairs of the Group and the holding entity as at 31 December 2009 and of the profit of the Group for the year then ended.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by Bord Gáis Éireann. The holding entity balance sheet is in agreement with its books of account. In our opinion the information given in the Report of the Board is consistent with the financial statements.



Chartered Accountants and Registered Auditors
Cork
30 March 2010

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the Board Members but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2009

Basis of Accounting and Preparation of Financial Statements

The financial statements are prepared in euro, under the historical cost convention and in accordance with Generally Accepted Accounting Practice in Ireland. 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.

In preparing the financial statements, estimates and assumptions are made that affect the reported amounts included in the profit and loss account for the year and assets and liabilities included in the balance sheet. Actual results could differ from those estimates. Estimates are used principally when accounting for unbilled revenue, pension costs, depreciation and provisions required in respect of doubtful debts and liabilities.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Bord Gáis Éireann and all of its subsidiaries (as listed in note 31), together with the Group's share of the results and net assets or liabilities of its joint ventures made up to 31 December in each year.

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.

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

Intangible Fixed Assets and Amortisation

Goodwill

Goodwill is the excess of the consideration paid on the acquisition of a business over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life which does not exceed 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Research and Development

Expenditure is charged to the profit and loss account as incurred with the exception of certain development expenditure which is capitalised within intangible fixed assets as outlined below.

Wind Farm Developments

Development costs which relate to specific wind farm projects where the future recoverability can be foreseen with reasonable assurance are capitalised within intangible fixed assets. Development costs represent the costs incurred in bringing individual projects to consented stage. At the point the projects are approved for construction, the carrying value is transferred to tangible fixed assets as part of projects in progress.

Provision is made for any impairment identified.

Revenue Recognition

Revenue from gas commodity sales, gas transportation, gas connections, gas appliance sales and servicing, electricity sales, steam sales in the case of the Bord Gáis Éireann's CHP business and other sundry sales is recognised as income in the financial statements on the accruals basis under Turnover, exclusive of value added tax and intra-Group transactions.

Turnover includes an estimate of the value of gas and electricity supplied to customers between the date of the last meter reading and the year end. This estimate is included in debtors in the balance sheet as unbilled consumption.

STATEMENT OF ACCOUNTING POLICIES continued

YEAR ENDED 31 DECEMBER 2009

Revenue Recognition continued

Gas and electricity revenue is recognised on consumption of the product. Transportation capacity revenue is recognised in line with the underlying contract while any related commodity revenue is recognised based on throughput for the period for each customer.

A number of Bord Gáis Éireann's sources of revenue are dependent on being approved by the industry regulator, the Commission for Energy Regulation. Certain circumstances may result in the regulatory "allowed" revenue being over or under recovered in the financial year. Any over or under recovery may be included, within certain parameters, in the calculation of the following years' regulatory revenue. No adjustment is made for over or under recoveries in the year that they arise.

Pension Costs

Bord Gáis Éireann has both defined benefit and contribution pension arrangements. Each of the defined benefit pension scheme assets are measured using fair values; pension scheme liabilities are measured using the projected unit method and discounted at the rate of return of a high quality corporate bond of a comparable duration to the benefit flows. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax.

The current service cost and gains and losses on settlements and curtailments are charged to operating profit or provisions as appropriate. The interest cost and the expected return on assets are included as other finance expenses / income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses in the period in which they occur. The contributions payable by Bord Gáis Éireann under the defined contribution schemes are charged to the profit and loss account in the period in which they become payable.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies have been translated into euro at rates ruling at the balance sheet date or by reference to forward contracts if the transaction is covered by a forward foreign currency contract. Profits and losses arising on translation are taken to the profit and loss account.

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

Tangible Fixed Assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and provision for impairment of value thereon, net of customer contributions where applicable. Cost includes direct costs (including direct labour), overheads and interest incurred in financing the construction of tangible fixed assets. Capitalisation of interest ceases when the asset is commissioned or where active development has been interrupted for an extended period.

The charge for depreciation is calculated to write down the cost of tangible fixed assets, less estimated residual value, based on prices prevailing at the date of acquisition of each asset, over their expected useful lives. Major asset classifications and their depreciation rates are:

Land	0%
Power Generating Assets	5%
Buildings	2.0% - 3.0%
Pipeline Systems	1.7% - 6.7%
Plant, Vehicles & Equipment	6.7% - 33.3%

STATEMENT OF ACCOUNTING POLICIES continued

YEAR ENDED 31 DECEMBER 2009

Tangible Fixed Assets continued

Depreciation is provided on a straight-line basis.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Projects in progress represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. No depreciation is charged on projects in progress.

Replacement Expenditure

Replacement expenditure represents the cost of planned maintenance of Bord Gáis Éireann's pipeline systems. This expenditure is primarily undertaken to repair and maintain the safety of the network and is written off as incurred. Expenditure that results in increased capacity or extends the useful economic life of an asset is capitalised within tangible fixed assets.

Investments

Investments are included in the balance sheet at cost, less any provisions for impairment.

Leased Assets

The capital cost of assets acquired under finance leases are included under tangible assets and written off over the shorter of the lease term or the estimated useful life of the asset. The capital elements of future obligations are included as liabilities in the balance sheet. Interest on the remaining lease obligation is charged to the profit and loss account over the period of the lease. This charge is calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pre-Contract Costs

Costs of planning, bidding for and securing commercial contracts to supply products and services are recognised as expenses as incurred. Directly attributable costs are capitalised as assets when there is virtual certainty that a contract will be obtained and the contract is expected to result in future net cash inflows, with a present value no less than all amounts recognised as an asset.

Capital Grants

Capital grants received in respect of the purchase of tangible fixed assets are treated as a deferred credit and amortised to the profit and loss account annually over the useful economic life of the related asset.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises invoice price plus freight and duty where appropriate. Net realisable value is the actual or estimated selling price less all costs to be incurred prior to disposal.

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

Financial Instruments

Financial instruments include borrowings, cash deposits, forward contracts, currency and interest rate swaps.

Bord Gáis Éireann is exposed to foreign exchange translation risk arising from assets and liabilities of its UK subsidiaries, denominated in sterling. Hedging is achieved by using borrowings in the same currency as the assets being hedged or through the use of other hedging methods such as currency swaps.

Derivatives, principally interest and currency swaps and forward foreign exchange contracts, are used to manage interest rate risk and currency risk. Interest differentials arising on these derivatives are recognised in net interest expense over the period of the related contract. Where derivatives are used to hedge cross currency cash flows arising from trading and financing activities, the underlying transaction is recorded at the contract rate.

STATEMENT OF ACCOUNTING POLICIES continued

YEAR ENDED 31 DECEMBER 2009

Interest-bearing Loans and 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 they are payable within one year, are included in accruals rather than in the carrying amount of debt.

Finance costs are allocated over the term of debt at a constant rate on the carrying amount.

Provisions for Liabilities

Provisions are recognised when Bord Gáis Éireann 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 probable that an outflow of economic benefits will be required to settle the obligation.

Where the effect of the time value of money is material, provisions are recognised at a discounted rate. The discount rate is based on a risk-free rate and the financing charge is included in the profit and loss account and added to the provision each year.

Deferred and Current Taxation

Current tax is provided at amounts expected to be paid (or recovered) under current tax legislation.

Deferred tax is recognised in respect of all timing differences which relate to transactions or events that have originated but not reversed at the balance sheet date. Timing differences are differences between Bord Gáis Éireann's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

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.

Commodity Contracts

Bord Gáis Éireann enters into contracts for the purchase of gas at fixed prices and also enters into contracts for the purchase of electricity. Given the pool arrangements that have been put in place by the Single Electricity Market, Bord Gáis Éireann enters into Contracts for Difference (CfDs) and other hedge arrangements. Costs of such contracts are recognised as the commodity is delivered, the effect of which is to fix the commodity purchase price.

Share Based Payment

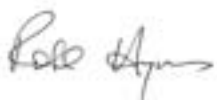
Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value is expensed on a straight line basis over the vesting period, based on Bord Gáis Éireann's estimate of equity instruments that will eventually vest. At each balance sheet date, Bord Gáis Éireann revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss account over the remaining vesting period, with a corresponding adjustment to the Profit and Loss Account Reserve.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

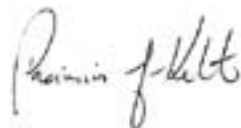
YEAR ENDED 31 DECEMBER 2009

	Notes	2009 €'000	2008 €'000
Turnover, including share of joint ventures		1,349,466	1,379,122
Less: share of joint ventures' turnover		(298)	-
Group turnover - continuing operations	1	1,349,168	1,379,122
Operating profit - continuing operations	2	200,887	210,822
Share of operating loss - joint ventures		(29)	-
Exceptional items	4	(19,025)	(15,026)
Profit before interest and tax		181,833	195,796
Interest payable and similar charges (net)	5	(61,144)	(45,738)
Other finance (expenses) / income	6	(1,820)	570
Profit on ordinary activities before taxation		118,869	150,628
Taxation	7	(14,624)	(19,739)
Profit on ordinary activities after taxation		104,245	130,889
Profit attributable to minority interest		-	(641)
Profit for the financial year		104,245	130,248

For and on behalf of the Board:



Chairman



Member of the Board

30 March 2010

Date of Approval

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2009

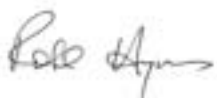
	Notes	2009 €'000	2008 €'000
Profit for the financial year		104,245	130,248
Exchange differences on retranslation of foreign subsidiaries net of associated cash flow hedges	23	11,286	(43,708)
Actuarial gains / (losses) on defined benefit obligations	28	16,033	(45,571)
Deferred tax (charge) / credit relating to defined benefit obligations		(2,004)	5,696
Transformation savings paid to ESOT	24	(7,537)	(14,917)
Total recognised gains and losses relating to the financial year		122,023	31,748

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 €'000	2008 €'000
Fixed Assets			
Intangible assets	9	80,286	6,134
Financial assets	10	20,220	1,761
Tangible assets	12	3,543,379	2,813,704
		3,643,885	2,821,599
Current Assets			
Stocks	13	29,084	51,876
Debtors			
amounts falling due within one year	14	285,911	276,629
amounts falling due after more than one year	14	32,934	22,038
		318,845	298,667
Cash at bank and in hand - restricted cash	15	191,438	158,716
Cash at bank and in hand - free cash	15	354,795	103,145
		894,162	612,404
Creditors (falling due within one year)			
Borrowings and other debt	16	(127,004)	(2,709)
Creditors	17	(401,951)	(292,779)
		(528,955)	(295,488)
Net current assets			
		365,207	316,916
Total assets less current liabilities			
		4,009,092	3,138,515
Creditors (falling due after more than one year)			
Borrowings and other debt	16	(2,229,788)	(1,462,188)
Other creditors	17	(21,248)	-
Provisions for liabilities			
	19	(55,617)	(71,803)
Deferred tax			
	20	(175,839)	(162,103)
Capital grants			
	21	(104,646)	(107,524)
Net assets before pension liability			
		1,421,954	1,334,897
Defined benefit pension liability			
	28	(20,239)	(33,910)
Net assets after pension liability			
		1,401,715	1,300,987
Capital and Reserves			
Capital stock & premium	22	119,070	111,450
Profit and loss account reserve	23	1,315,853	1,234,031
Translation reserve	23	(33,208)	(44,494)
		1,401,715	1,300,987

For and on behalf of the Board:



Chairman



Member of the Board

30 March 2010

Date of Approval

BALANCE SHEET OF THE BOARD

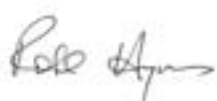
AS AT 31 DECEMBER 2009

	Notes	2009 €'000	2008 €'000
Fixed Assets			
Intangible assets	9	-	6,112
Financial assets	10	388,637	26,077
Tangible assets	12	2,589,677	2,425,196
		2,978,314	2,457,385
Current Assets			
Stocks	13	27,941	50,814
Debtors			
amounts falling due within one year	14	275,863	274,035
amounts falling due after more than one year	14	513,987	394,128
		789,850	668,163
Cash at bank and in hand - restricted cash	15	189,004	156,546
Cash at bank and in hand - free cash	15	314,287	92,231
		1,321,082	967,754
Creditors (falling due within one year)			
Borrowings and other debt	16	(116,587)	-
Creditors	17	(358,387)	(269,392)
		(474,974)	(269,392)
Net current assets			
		846,108	698,362
Total assets less current liabilities			
		3,824,422	3,155,747
Creditors (falling due after more than one year)			
Borrowings and other debt	16	(2,000,348)	(1,430,966)
Other creditors	17	(37,067)	(18,079)
		(2,037,415)	(1,449,045)
Provisions for liabilities			
	19	(55,617)	(71,803)
Deferred tax			
	20	(172,875)	(160,899)
Capital grants			
	21	(68,821)	(72,743)
Net assets before pension liability			
		1,489,694	1,401,257
Defined benefit pension liability			
	28	(20,239)	(33,910)
Net assets after pension liability			
		1,469,455	1,367,347
Capital and Reserves			
Capital stock & premium	22	119,070	111,450
Profit and loss account reserve	23	1,384,849	1,307,545
Translation reserve	23	(34,464)	(51,648)
		1,469,455	1,367,347

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The Board profit for the year after taxation is €99,727,000 (2008: €140,592,000).

For and on behalf of the Board:



Chairman



Member of the Board

30 March 2010

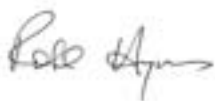
Date of Approval

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	Notes	2009 €'000	2008 €'000
Net cash inflow from operating activities	25	353,443	295,668
Returns on Investment and Servicing of Finance			
Interest received		17,828	17,764
Interest and similar charges paid		(78,562)	(70,077)
Dividend received / (paid)		400	(693)
Net cash outflow from returns on investments and servicing of finance		(60,334)	(53,006)
Taxation		(2,932)	(1,822)
Capital Expenditure			
Payments to acquire tangible fixed assets		(282,895)	(317,975)
Receipts from disposal of tangible fixed assets		191	1,419
Net cash outflow from capital expenditure		(282,704)	(316,556)
Acquisitions and Disposals			
Net cash outflow from acquisitions and disposals of subsidiaries	11	(304,340)	(7,493)
Net cash outflow from acquisitions of joint ventures	11	(18,486)	-
Net debt acquired	11	(260,633)	-
		(583,459)	(7,493)
Dividends paid	8	(39,074)	(28,372)
Net cash outflow before financing		(615,060)	(111,581)
Financing			
Cash received for capital stock	22	7,537	14,917
Increase / (decrease) in debt	26	891,895	(59,445)
		899,432	(44,528)
Increase / (decrease) in cash	26	284,372	(156,109)

For and on behalf of the Board:



Chairman



Member of the Board

30 March 2010

Date of Approval

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

1. Segmental Information

Segmental Reporting

For the purposes of the statutory financial statements Bord Gáis Éireann is required to follow Statement of Standard Accounting Practice 25 'Segmental Reporting'. Bord Gáis Éireann has defined segments in accordance with this standard. These segments are as follows:

- a) Networks - The Networks segment, on behalf of Gaslink, develops, operates and maintains the natural gas transmission and distribution networks in Ireland and provides gas transportation services to suppliers and shippers including Bord Gáis Éireann.
- b) Energy - The Energy segment is a dual-fuel, all-island business that serves a growing customer base with exemplary service at a competitive price, procuring energy efficiently on wholesale markets and investing in energy assets (including a power station and wind farms) to support its growth objectives in the energy markets in Ireland.
- c) Ancillary Businesses includes other areas not falling within the Networks and Energy segments. Certain unallocated corporate costs are also included within the ancillary businesses.

In drawing up the separate accounts of its segments, Bord Gáis Éireann adheres to a set of accounting procedures for the allocation of assets, liabilities, income and expenditure.

(a) Turnover

Turnover for each business segment includes externally generated revenue and revenue arising from internal trading with other business segments. Internal trading between business segments, where appropriate, provides for cost recovery at arms length based on market rates. Turnover subject to regulation is calculated in accordance with the regulatory determinations applicable to each business segment.

(b) Expenditure

Certain Bord Gáis Éireann group functions provide services to other areas of the Group, such as IT services and other shared and corporate services. Networks, Energy and the Ancillary Businesses are charged or allocated these service-related costs in accordance with defined allocation procedures.

(c) Assets and Liabilities

Revenues, expenses and capital expenditure directly incurred by each segment are recorded in the separate accounts of the segments. A system of internal trading is operated to reflect internal transactions between the different segments. Trade indebtedness as a result of such trading between the internal segments is recorded as internal debtor and internal creditor balances in the accounts of each segment as appropriate.

(d) Corporately Managed and Controlled Balances

A number of balances and transactions are not attributed to individual business segments as they are subject to corporate management and control. Such items generally include, but are not limited to, borrowings, taxation, dividends payable and interest.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

1. Segmental Information continued

Segmental Analysis

(a) By Business Segment

	2009 €'000	2008 €'000
Networks		
Total turnover	423,181	402,259
Internal turnover	235,595	237,167
External turnover	187,586	165,092
Profit before interest and tax	186,695	181,723
Tangible fixed assets	2,578,949	2,510,470
Energy		
Total turnover	1,160,631	1,213,122
Internal turnover	-	-
External turnover	1,160,631	1,213,122
(Loss) / profit before interest and tax	(3,655)	13,086
Tangible fixed assets	963,865	302,630
Ancillary Businesses		
Total turnover	4,948	3,279
Internal turnover	3,997	2,371
External turnover	951	908
(Loss) / profit before interest and tax	(1,207)	987
Tangible fixed assets	565	604

(b) Turnover by Geographic Market

	2009 €'000	2008 €'000
Republic of Ireland	1,289,503	1,327,539
UK (including Northern Ireland & Isle of Man)	59,665	51,583
Total	1,349,168	1,379,122

(c) Tangible Fixed Assets by Geographic Market

	2009 €'000	2008 €'000
Republic of Ireland	3,151,746	2,440,960
UK (including Northern Ireland & Isle of Man)	391,633	372,744
Total	3,543,379	2,813,704

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

2. Operating Profit

	2009 €'000	2008 €'000
Turnover	1,349,168	1,379,122
Cost of sales	(801,380)	(880,755)
Gross profit	547,788	498,367
Operating costs (excluding depreciation)	(217,664)	(192,228)
Share based payment expense - (note 24)	(10,242)	(7,537)
Depreciation and amortisation - (note 3)	(118,995)	(87,780)
Operating profit - continuing operations	200,887	210,822
Operating costs are stated after charging:		
Foreign exchange loss / (gain)	144	(200)
Operating lease rentals	1,776	1,349
Payroll Costs:		
- Wages and salaries	67,700	61,380
- Social Welfare costs	7,174	6,175
- Pension costs	4,133	6,033
	79,007	73,588
Capitalised payroll (note 12)	(14,763)	(15,934)
Payroll costs charged to the profit and loss account	64,244	57,654

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The average number of people employed by Bord Gáis Éireann in the financial year was 1,006 (2008: 911).

Auditors' Fees and Board Members' Emoluments

	2009 €'000	2008 €'000
Auditors' Remuneration:		
Audit services	450	345
Board Members' Emoluments:		
Fees	149	157
Remuneration of Chief Executive	394	361
	543	518

Details of the all-in cost of the remuneration package of the Chief Executive is made up as follows:

	2009 €'000	2008 €'000
Chief Executive		
- Chief Executive's annual basic salary	270	288
- Actual payments under performance related pay scheme	50	-
- Other benefits including pension costs, cost of company car and health insurance	74	73
	394	361

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

3. Depreciation and Amortisation

	2009 €'000	2008 €'000
Gross depreciation (note 12)	118,102	92,682
Grant amortisation (note 21)	(5,628)	(5,835)
Goodwill amortisation (note 9)	6,521	933
Depreciation (net of amortisation)	118,995	87,780

4. Exceptional Items

	2009 €'000	2008 €'000
Profit on disposal of fixed assets	-	(280)
Loss on disposal of subsidiary undertaking	-	389
Share based payment expense (note 24)	-	14,917
Restructuring charge (note 19)	19,025	-
Exceptional charge	19,025	15,026

5. Interest Payable and Similar Charges (net)

	2009 €'000	2008 €'000
Interest on:		
Bank loans and overdraft wholly repayable within 5 years		
- other than by instalments	2,224	8,462
Bank loans not wholly repayable within 5 years	75,532	46,367
	77,756	54,829
Interest payable on finance lease ¹	13,457	14,833
Interest receivable and similar income ¹	(17,875)	(17,779)
Interest capitalised (note 12)	(15,310)	(7,158)
Other	3,116	1,013
	61,144	45,738

¹ In December 1993, Bord Gáis Éireann sold and leased back part of the first interconnector pipeline. As part of the financing arrangement Bord Gáis Éireann entered into a security arrangement with the finance lease provider whereby the sales proceeds were put on deposit for the period of the lease. The benefits from the deposit, pursuant to the security arrangement, equate to commitments under the finance lease obligation. The interest on the finance lease amounts to €13.5 million (2008: €14.8 million). The deposit interest, which is included under interest receivable and similar income, amounts to €13.2 million (2008: €14.8 million).

6. Other Finance (Expenses) / Income

	2009 €'000	2008 €'000
Unwinding of discount (note 19)	(1,532)	(2,008)
Expected return on pension scheme assets (note 28)	12,254	15,538
Interest on pension scheme liabilities (note 28)	(12,942)	(12,960)
Dividend income from trade investment	400	-
	(1,820)	570

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

7. Taxation

	2009 €'000	2008 €'000
Tax on profit on ordinary activities		
The tax charge comprises:		
Irish corporation tax	7,036	726
Deferred Tax:		
Origination and reversal of timing differences - group	7,588	19,013
Total tax on profit on ordinary activities	14,624	19,739

The differences between the total current tax shown above and the amount calculated by applying the standard rate of Irish corporation tax to the profit before tax is as follows:

	2009 €'000	2008 €'000
Corporation Tax		
Group profit on ordinary activities before tax	118,869	150,628
Tax on group profit on ordinary activities at standard Irish corporation tax rate of 12.5% (2008: 12.5%)	14,859	18,829
Effects of:		
Expenses not deductible for tax purposes	1,759	5,042
Capital allowances for year in excess of depreciation	(6,801)	(4,048)
Non-utilisation of tax losses	2,418	1,919
Capitalised interest	(1,927)	(895)
Different tax rates	(1,131)	(1,169)
Utilisation of tax losses brought forward	(1,472)	(16,511)
Gain / income not taxable	(702)	(2,465)
Over provision in prior year	33	24
Group current tax charge for year	7,036	726

Deferred Tax (Liability) / Asset

	2009 €'000	2008 €'000
Group deferred tax (liability) / asset comprised:		
Accelerated capital allowances	(193,509)	(173,141)
Losses carried forward	46,628	33,076
	(146,881)	(140,065)
Deferred tax liability (note 20) ¹	(175,839)	(162,103)
Deferred tax asset included in debtors (note 14) ¹	28,958	22,038
	(146,881)	(140,065)

¹ A deferred tax provision has been made in respect of accelerated capital allowances and other timing differences, net of recognised deferred tax assets arising as a result of trading losses carried forward. The assets relate to BGE (UK) Limited, firmus energy (distribution) Limited and firmus energy (supply) Limited (all wholly owned subsidiary companies) and as these companies are in a separate tax jurisdiction, it is recognised separately in the balance sheet. As required by Financial Reporting Standard 19 'Deferred Tax' (FRS 19), deferred tax assets are only recognised when there is persuasive evidence that the assets can be realised. Detailed operating plans, supported by existing contracts, are used for deferred tax asset recognition purposes. Potential deferred tax asset utilisation falling outside that planning horizon is not currently recognised on the balance sheet. As encouraged by FRS 19, deferred tax asset recognition is regularly reassessed. The deferred tax arising on the pension deficit / surplus is recognised as a deduction from the pension deficit / surplus.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

8. Dividend Payments

	2009 €'000	2008 €'000
To the Exchequer	38,187	27,941
To Bord Gáis ESOT	887	431
	39,074	28,372

The dividend paid during the year amounted to 30% (2008: 20%) of the previous year's profit for the financial year as directed by the Department of Communications, Energy and Natural Resources. The dividend was apportioned between the Exchequer (€38.2 million) and Bord Gáis Employee Share Ownership Trust (€0.9 million) in accordance with the amounts of issued capital stock held by the Minister for Finance (87.73%), the Minister for Communications, Energy and Natural Resources (10%) and Bord Gáis Employee Share Ownership Trust (2.27%).

9. Intangible Assets

Group

	Goodwill €'000	Wind Farm Developments €'000	Total €'000
Cost / Valuation			
At 1 January 2009	8,000	-	8,000
Acquisitions (note 11)	37,993	42,680	80,673
At 31 December 2009	45,993	42,680	88,673
Accumulated Amortisation			
At 1 January 2009	1,866	-	1,866
Charge for year	6,521	-	6,521
At 31 December 2009	8,387	-	8,387
Carrying Amount			
At 31 December 2009	37,606	42,680	80,286
At 1 January 2009	6,134	-	6,134

Wind Farm Developments

Costs capitalised as development wind intangibles represent the costs incurred in bringing individual wind farm projects to the consented stage. At the point the development reaches the consent stage and is approved for construction, the carrying value is transferred to power generating assets (note 12). At the point the project is no longer expected to reach the consent stage, the carrying amount of the project is impaired.

Board

	Goodwill €'000	Wind Farm Developments €'000	Total €'000
Cost / Valuation			
At 1 January 2009	7,100	-	7,100
At 31 December 2009	7,100	-	7,100
Accumulated Amortisation			
At 1 January 2009	988	-	988
Charge for year	6,112	-	6,112
At 31 December 2009	7,100	-	7,100
Carrying Amount			
At 31 December 2009	-	-	-
At 1 January 2009	6,112	-	6,112

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

10. Financial Assets

Group

	2009 €'000	2008 €'000
Joint ventures	18,459	-
Trade investment	1,761	1,761
	20,220	1,761

Joint Ventures

At 1 January	-	-
Acquisitions (note 11)	18,486	-
Group share of (loss) / profit	(46)	-
Exchange differences arising on retranslation	19	-
At 31 December	18,459	-

Joint Ventures

	2009 €'000	2008 €'000
Share of gross assets	34,621	-
Share of gross liabilities	(16,162)	-
Share of net assets	18,459	-

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The names of the subsidiaries and joint ventures and nature of their business activities are listed in note 31.

Board

	Subsidiary Undertakings €'000	Joint Ventures & Associates €'000	Trade Investments €'000	Total €'000
Cost				
At 1 January 2009	26,916	-	1,761	28,677
Acquisitions and capital contributions	344,074	18,486	-	362,560
At 31 December 2009	370,990	18,486	1,761	391,237
Amounts Provided				
At 1 January 2009	2,600	-	-	2,600
At 31 December 2009	2,600	-	-	2,600
Net Book Value				
At 31 December 2009	368,390	18,486	1,761	388,637
At 1 January 2009	24,316	-	1,761	26,077

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

11. Acquisitions

Bord Gáis Éireann made a number of acquisitions during the year as part of its strategy to become an all-island dual-fuel supplier as follows:

Wind Generation

On 5 March 2009, Bord Gáis Éireann acquired 100% of the share capital of Sorne Wind Farm Limited.

On 4 April 2009, Bord Gáis Éireann acquired 100% of the share capital of Killhills Wind Farm Limited.

On 3 July 2009, Bord Gáis Éireann acquired 100% of the share capital of Ballymartin Wind Farm Limited.

On 4 December 2009, Bord Gáis Éireann acquired 100% of the share capital of SWS Natural Resources Holdings Limited.

The principal activity of the businesses acquired above is the operation and development of wind farms.

Peaking Plants

On 28 February 2009, Bord Gáis Éireann acquired 50% of the share capital of Greener Ideas Limited.

The principal activity of the business is the development of open cycle gas turbines.

(a) Summary of Subsidiaries Acquired

Bord Gáis Éireann acquired the following aggregate assets and liabilities during the year:

Group

	Carrying Value €'000	Fair Value Adjustment €'000	Fair Value €'000
Intangible assets	97,552	(54,872)	42,680
Goodwill	-	37,993	37,993
Property, plant and equipment	263,549	273,883	537,432
Cash at bank and in hand	26,326	-	26,326
Debtors within one year	2,081	-	2,081
Creditors within one year	(1,943)	(8,000)	(9,943)
Creditors after one year	(12,160)	-	(12,160)
Bank loans	(286,959)	-	(286,959)
Fair value of assets and liabilities acquired	88,446	249,004	337,450
Total consideration			337,450
Deferred consideration			(33,110)
Cash consideration			304,340
Net debt acquired			260,633
Net cash outflow			564,973

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

11. Acquisitions continued

(b) Summary of Joint Ventures Acquired

Bord Gáis Éireann acquired the following aggregate share of assets and liabilities during the year:

Group

	Carrying Value €'000	Fair Value Adjustment €'000	Fair Value €'000
Intangible assets	791	(791)	-
Property, plant and equipment	14,236	15,675	29,911
Cash at bank and in hand	983	-	983
Debtors within one year	841	-	841
Creditors within one year	(1,001)	-	(1,001)
Creditors after one year	-	-	-
Bank loans	(12,248)	-	(12,248)
Fair value of assets and liabilities acquired	3,602	14,884	18,486
Total consideration			18,486
Deferred consideration			-
Net cash outflow			18,486

12. Tangible Assets

Group

	Power Generating Assets €'000	Projects in Progress €'000	Land & Buildings €'000	Pipeline Systems €'000	Plant, Vehicles & Equipment €'000	Total €'000
Cost						
At 1 January 2009	-	424,233	65,505	3,019,554	162,223	3,671,515
Acquisitions (note 11)	424,639	109,142	3,553	-	98	537,432
Additions	5,862	173,922	5,835	90,525	8,006	284,150
Translation difference	-	241	578	34,785	403	36,007
Transfers in year	-	(244,855)	-	231,565	13,290	-
Disposals	-	-	-	(1,403)	(5,809)	(7,212)
At 31 December 2009	430,501	462,683	75,471	3,375,026	178,211	4,521,892
Depreciation						
At 1 January 2009	-	-	10,918	735,436	111,457	857,811
Charged in year	4,571	-	6,142	86,034	21,355	118,102
Translation difference	-	-	149	9,355	129	9,633
Depreciation on disposals	-	-	-	(1,253)	(5,780)	(7,033)
At 31 December 2009	4,571	-	17,209	829,572	127,161	978,513
Net Book Value						
At 31 December 2009	425,930	462,683	58,262	2,545,454	51,050	3,543,379
At 1 January 2009	-	424,233	54,587	2,284,118	50,766	2,813,704

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

12. Tangible Assets continued

Board

	Power Generating Assets €'000	Projects in Progress €'000	Land & Buildings €'000	Pipeline Systems €'000	Plant, Vehicles & Equipment €'000	Total €'000
Cost						
At 1 January 2009	-	406,156	58,227	2,527,389	155,184	3,146,956
Additions	-	170,778	-	79,979	6,643	257,400
Transfers in year	-	(244,855)	-	231,565	13,290	-
Disposals	-	-	-	(1,403)	(5,799)	(7,202)
At 31 December 2009	-	332,079	58,227	2,837,530	169,318	3,397,154
Depreciation						
At 1 January 2009	-	-	9,255	604,245	108,260	721,760
Charged in year	-	-	5,930	66,227	20,589	92,746
Depreciation on disposals	-	-	-	(1,253)	(5,776)	(7,029)
At 31 December 2009	-	-	15,185	669,219	123,073	807,477
Net Book Value						
At 31 December 2009	-	332,079	43,042	2,168,311	46,245	2,589,677
At 1 January 2009	-	406,156	48,972	1,923,144	46,924	2,425,196

As part of the arrangements for the financing of the first gas interconnector pipeline, Bord Gáis Éireann entered into a finance lease in 1993 for €121,241,643 in relation to a part of that gas interconnector. This asset is included in tangible assets (pipeline systems) at a net book value of €52,323,432 (2008: €51,403,357).

During the year, the Group capitalised the sum of €15,310,234 (2008: €7,158,462) in interest. The capitalisation rate was 4.81% (2008: 4.74%). The Group also capitalised the sum of €14,763,303 (2008: €15,934,045) in payroll costs during the year.

Total capitalised interest included in the gross cost of the Group tangible fixed assets is €90,046,174 (2008: €74,735,940).

During the year, the Board capitalised the sum of €13,815,216 (2008: €7,158,462) in interest. The capitalisation rate was 4.81% (2008: 4.74%). The Board also capitalised the sum of €13,931,870 (2008: €15,040,880) in payroll costs during the year.

BGE (IOM) Limited, a subsidiary of Bord Gáis Éireann, entered into a project financing arrangement in 2003. The balance outstanding at 31 December 2009 of €31.2m on this limited recourse loan facility is secured over the assets of BGE (IOM) Limited (note 18).

A number of subsidiaries acquired as part of the acquisition of the SWS group of companies in December 2009 have project finance facilities in place. The balance outstanding at 31 December 2009 of €208.6m is secured over the assets of the underlying subsidiaries (note 18).

13. Stocks

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
Gas	20,479	20,479	33,151	33,151
Engineering materials / others	8,605	7,462	18,725	17,663
	29,084	27,941	51,876	50,814

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

14. Debtors

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
Amounts falling due within one year				
Trade debtors	73,522	65,004	80,429	72,602
Unbilled consumption	158,208	158,208	153,016	153,016
VAT	-	-	251	-
Other debtors and prepayments	54,181	40,309	42,933	37,527
Amounts owed by subsidiary companies	-	12,342	-	10,890
	285,911	275,863	276,629	274,035
Amounts falling due after more than one year				
Deferred tax (note 7)	28,958	-	22,038	-
Amounts owed by subsidiary companies	-	513,606	-	393,751
Other debtors and prepayments	3,976	381	-	377
	32,934	513,987	22,038	394,128
Total Debtors	318,845	789,850	298,667	668,163

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15. Cash at Bank and in Hand

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
Short term deposits	301,600	301,600	82,900	82,900
Restricted deposits ¹	191,438	189,004	158,716	156,546
Cash	53,195	12,687	20,245	9,331
	546,233	503,291	261,861	248,777

¹ The restricted deposits includes amounts held in respect of:

- (a) In December 1993, Bord Gáis Éireann sold and leased back part of the first interconnector pipeline. As part of the financing arrangement Bord Gáis Éireann entered into a security arrangement with the finance lease provider whereby the sales proceeds were put on deposit for the period of the lease. The benefits from the deposit, pursuant to the security arrangement, equates to commitments under the finance lease obligation. This deposit, which is included in restricted deposits above, amounts to €156.3 million at 31 December 2009 (2008: €144.4 million),
- (b) financial security deposits for shippers in respect of the use of the gas network, and
- (c) credit support agreements.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

16. Borrowings and Other Debt

Group

	2009 €'000			2008 €'000		
	Borrowings	Finance Lease	Total	Borrowings	Finance Lease	Total
(a) Repayable within one year						
Bank loans repayable by instalment	10,417	-	10,417	2,709	-	2,709
Overdrafts and bank loans repayable other than by instalment	116,587	-	116,587	-	-	-
Total current borrowings and other debt	127,004	-	127,004	2,709	-	2,709
(b) Repayable after more than one year by instalment						
Between one and two years	11,517	-	11,517	119,465	-	119,465
Between two and five years	262,340	-	262,340	70,353	-	70,353
In five years or more	567,641	156,676	724,317	213,339	144,517	357,856
	841,498	156,676	998,174	403,157	144,517	547,674
(c) Repayable after more than one year other than by instalment						
Between two and five years	865,675	-	865,675	556,873	-	556,873
In five years or more	365,939	-	365,939	357,641	-	357,641
	1,231,614	-	1,231,614	914,514	-	914,514
Total non-current borrowings and other debt	2,073,112	156,676	2,229,788	1,317,671	144,517	1,462,188
Total borrowings and other debt outstanding	2,200,116	156,676	2,356,792	1,320,380	144,517	1,464,897

Board

	2009 €'000			2008 €'000		
	Borrowings	Finance Lease	Total	Borrowings	Finance Lease	Total
(a) Repayable within one year						
Bank loans repayable by instalment	-	-	-	-	-	-
Overdrafts and bank loans repayable other than by instalment	116,587	-	116,587	-	-	-
Total current borrowings and other debt	116,587	-	116,587	-	-	-
(b) Repayable after more than one year by instalment						
Between one and two years	-	-	-	116,688	-	116,688
Between two and five years	233,896	-	233,896	61,411	-	61,411
In five years or more	378,162	156,676	534,838	193,836	144,517	338,353
	612,058	156,676	768,734	371,935	144,517	516,452
(c) Repayable after more than one year other than by instalment						
Between two and five years	865,675	-	865,675	556,873	-	556,873
In five years or more	365,939	-	365,939	357,641	-	357,641
	1,231,614	-	1,231,614	914,514	-	914,514
Total non-current borrowings and other debt	1,843,672	156,676	2,000,348	1,286,449	144,517	1,430,966
Total borrowings and other debt outstanding	1,960,259	156,676	2,116,935	1,286,449	144,517	1,430,966

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

16. Borrowings and Other Debt continued

In December 1993, Bord Gáis Éireann sold and leased back part of the first interconnector pipeline. As part of the financing arrangement Bord Gáis Éireann entered into a security arrangement with the finance lease provider whereby the sales proceeds were put on deposit for the period of the lease. The benefits from the deposit, pursuant to the security arrangement, broadly equates to commitments under the finance lease obligation. The finance lease obligation at 31 December 2009 amounts to €156.7 million (2008: €144.5 million).

The Minister for Finance does not guarantee repayment of any of Bord Gáis Éireann's borrowings.

17. Creditors

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
Amounts falling due within one year				
Trade creditors	109,283	108,873	114,486	114,010
Accruals	258,939	217,004	158,869	136,566
Taxation and social welfare creditors*	33,729	32,510	19,424	18,816
	401,951	358,387	292,779	269,392
Amounts falling due after more than one year				
Amounts due to subsidiary companies	-	18,533	-	17,702
Other creditors	21,248	18,534	-	377
	21,248	37,067	-	18,079
Total Creditors	423,199	395,454	292,779	287,471

* Taxation and Social Welfare Creditors

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
PAYE/PRSI/Social welfare	3,905	3,761	1,996	1,905
VAT	23,969	22,914	15,829	15,368
Other taxes	5,855	5,835	1,599	1,543
	33,729	32,510	19,424	18,816

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

18. Financial Instruments

A description of Bord Gáis Éireann's treasury policy including a description of the objectives and policies for holding financial instruments can be found in the Financial Review section.

The disclosures set out below exclude all short-term debtors, creditors and investments in subsidiaries.

Financing Facilities and Maturity Profile

A description of the drawn facilities of Bord Gáis Éireann at 31 December 2009 is set forth in the table below:

	2009 €'000	2008 €'000
European Investment Bank	592,940	584,641
Private Placement	730,161	372,734
Syndicated Term Loan Facility	91,615	330,265
Bond	549,293	-
Project Finance	208,635	-
Limited Recourse Facility	31,222	33,931
Loan Fees Capitalised	(3,750)	(1,191)
Finance Lease	156,676	144,517
Total	2,356,792	1,464,897

At 31 December 2009, Bord Gáis Éireann had €489.1 million in undrawn committed facilities and €117.7 million in undrawn uncommitted facilities (2008: €429.7 million and €127.1 million respectively).

Bord Gáis Éireann has in issue €550 million of loan notes (bond) repayable in 2014 with a fixed coupon of 5.75% payable annually; the loan notes are listed on The Global Exchange Market (GEM), a market operated under the supervision of the Irish Stock Exchange.

The maturity profile of debt as at 31 December 2009 was as follows:

	Repayment Profile 2009		Repayment Profile 2008	
	€'000	%	€'000	%
In one year or less	127,004	5.4%	2,709	0.2%
Between one and two years	11,517	0.5%	119,465	8.2%
Between two and five years	1,128,015	47.9%	627,226	42.8%
More than five years	1,090,256	46.2%	715,497	48.8%
Total	2,356,792	100.0%	1,464,897	100.0%

The maturity profile of undrawn committed borrowing facilities as at 31 December 2009 was as follows:

	Repayment Profile 2009		Repayment Profile 2008	
	€'000	%	€'000	%
In one year or less	-	0.0%	200,000	46.5%
Between one and two years	60,000	12.3%	-	0.0%
Between two and five years	429,144	87.7%	229,735	53.5%
Total	489,144	100.0%	429,735	100.0%

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

18. Financial Instruments continued

Interest Rate and Foreign Currency Risk Management

Interest Rate Risk:

The percentage of fixed and floating rate debt at 31 December 2009 was as follows:

	2009 €'000	%	2008 €'000	%
At fixed rates (including swaps)	1,836,026	77.9%	1,121,517	76.6%
At floating rates	489,544	20.8%	309,449	21.1%
Limited recourse debt	31,222	1.3%	33,931	2.3%
Total	2,356,792	100.0%	1,464,897	100.0%

The limited recourse debt is secured over the assets of BGE (IOM) Limited, which primarily comprise a gas transmission pipeline to the Isle of Man. The revenues from this pipeline are indexed to the U.K. Retail Price Index ('UK RPI'). Accordingly, to mitigate against the risk of low inflation, this debt is also linked to the UK RPI using an index-linked hedge.

After taking into account the various interest rate and cross currency swaps entered into by Bord Gáis Éireann, the interest rate profile of Bord Gáis Éireann's financial liabilities at 31 December 2009 was:

Financial Liabilities	Fixed Rate €'000	Floating Rate €'000	2009 Total €'000	Fixed Rate €'000	Floating Rate €'000	2008 Total €'000
<i>Currency:</i>						
Euro	1,679,350	316,272	1,995,622	977,000	166,534	1,143,534
Sterling	156,676	204,494	361,170	144,517	176,846	321,363
Total	1,836,026	520,766	2,356,792	1,121,517	343,380	1,464,897

The weighted average period for the fixed rate financial liabilities is 6.7 years (2008: 5.3 years).

On 31 December 2009, Bord Gáis Éireann had US\$850 million fixed rate debt (€710.2 million equivalent) together with €20 million floating rate debt in a US\$400 million US private placement transaction which was completed on 22 October 2003 and US\$450 million which was completed on 31 March 2009. In order to fully hedge the associated US dollar exchange rate exposures and convert the underlying interest rates to floating, Bord Gáis Éireann had a number of cross currency interest rate swaps which match the maturity profile of the debt.

Financial Assets	Fixed Rate €'000	Floating Rate €'000	2009 Total €'000	Fixed Rate €'000	Floating Rate €'000	2008 Total €'000
<i>Currency:</i>						
Euro	-	380,790	380,790	-	112,768	112,768
Sterling	156,278	9,165	165,443	144,367	4,726	149,093
Total	156,278	389,955	546,233	144,367	117,494	261,861

The financial assets of Bord Gáis Éireann comprised:

	2009 €'000	2008 €'000
Short term deposits	301,600	82,900
Restricted deposits	191,438	158,716
Cash	53,195	20,245
Total	546,233	261,861

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

18. Financial Instruments continued

Bord Gáis Éireann policy is, on a calendar year basis, to have at least 60% of the current year's interest cost at fixed rates and at least 50% of the expected interest cost for the following three years at fixed rates. After taking account of fixed rate debt and interest rate swaps, 78% of Bord Gáis Éireann's year-end borrowings were at fixed rates of interest, 21% of Bord Gáis Éireann's year-end borrowings were at floating rates of interest and 1% of Bord Gáis Éireann's year-end borrowings had interest costs linked to UK RPI.

At year-end Bord Gáis Éireann had outstanding interest rate swaps with a notional principal of €852.8 million. €100.0 million which commenced on 17 September 2007 was swapped for five years at an average rate of 4.4%. €170.0 million which commenced on 22 October 2007 was swapped for three years at an average rate of 3.9%. €180.0 million which commenced on 22 October 2007 was swapped for five years at an average rate of 4.4%. €250.0 million which commenced on 31 January 2008 was swapped for two years at an average rate of 3.3%. €62.0 million of amortising interest rate swaps which commenced on 28 May 2008 was swapped for eighteen years at an average rate of 4.77%. €90.8 million of amortising interest rate swaps which commenced on 30 June 2009 was swapped for eighteen years at an average rate of 4.13%.

Bord Gáis Éireann had €983.2 million of fixed rate debt (excluding interest rate swaps) at 31 December 2009 (2008: €421.5 million).

At 31 December 2009, the weighted average interest rate of the fixed debt portfolio which comprised European Investment Bank debt of €277.0 million, Bond of €549.3 million, Project Finance of €0.2 million and an interest rate swap portfolio of €852.8 million excluding the finance lease re interconnector pipeline was 4.62% (2008: 4.02%).

Interest costs on variable rate loans are reset on a periodic basis for one, three or six months over the prevailing market rate.

Foreign Currency Risk:

Bord Gáis Éireann policy is to protect profitability by minimising the impact of material variations due to foreign exchange rate movements. Foreign currency borrowings and derivatives such as foreign currency forward contracts and currency swaps are used to manage foreign currency exposures.

Through wholly owned U.K. subsidiaries, Bord Gáis Éireann has operational and investment exposures in sterling. These currency exposures give rise to currency gains and losses recognised in the profit and loss account, or taken to reserves and recognised in the consolidated statement of total recognised gains and losses, as appropriate.

At 31 December 2009, Bord Gáis Éireann had €6.8 million of sterling denominated cash balances (2008: €2.6 million) and €158.6 million of sterling denominated restricted deposits (2008: €146.5 million).

At that date the following swaps and forward contracts were in place:

	Book Value 2009 €'000	Maturity Date 2009	Book Value 2008 €'000	Maturity Date 2008
Cross Currency Swaps (USD)	710,161	2010 to 2021	352,734	2010 to 2015
Forward Foreign Exchange Contracts: - Sterling Gas and Electricity	211,032	2010 to 2011	216,319	2009 to 2010

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

18. Financial Instruments continued

Fair Value of 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 following table provides a comparison at 31 December 2009 of the carrying amounts (book value) and fair value amounts of Bord Gáis Éireann's financial assets and liabilities.

	Book Value 2009 €'000	Fair Value 2009 €'000	Book Value 2008 €'000	Fair Value 2008 €'000
Fixed Rate Debt - European Investment Bank (Note 1)	277,000	297,570	277,000	284,372
Fixed Rate Debt - Bond (Note 1)	550,000	608,606	-	-
UK RPI Interest Rate Swap - Limited Recourse Facility (Note 2)	31,222	33,530	33,931	37,286
Floating to Fixed Interest Rate Swaps (Note 2)	852,806	887,765	700,000	715,165
Floating to Floating Interest Rate Swaps (Note 2)	150,000	150,191	150,000	151,363
Fixed Rate Debt - US Private Placement (Note 3)	710,161	686,777	352,734	326,689
Fixed to Floating Cross-Currency Interest Rate Swaps (Note 3)	710,161	850,191	352,734	396,328
Foreign Exchange Forward Contracts (Note 4)				
- Sterling Gas and Electricity	211,032	209,041	216,319	185,191

Note 1: The fair value of the fixed rate debt is estimated by discounting the future cash flows to net present values using market rates prevailing at the year-end. Market values have also been used to determine the fair value of the interest rate swaps and the foreign exchange contracts.

Note 2: The interest rate swaps are used to reduce the variability of future cash flows arising from interest payments on floating rate debt.

Note 3: On 31 December 2009, Bord Gáis Éireann had US\$850 million fixed rate debt (€710.2 million equivalent) together with €20 million floating rate debt in a US private placement transaction, US\$400 million which was completed on 22 October 2003 and US\$450 million which was completed on 31 March 2009. In order to fully hedge the associated US dollar exchange rate exposures and convert the underlying interest rates to floating, Bord Gáis Éireann had a number of cross currency swaps which match the maturity profile of the debt. Bord Gáis Éireann had two way Credit Support Arrangements in place at 31 December 2009 to reduce its exposure to counterparties under the cross currency interest rate swaps matching the US\$400 million US private placement transaction. Should the mark to market valuation of the cross currency interest rate swaps at each month-end exceed the exposure limit, a transfer of collateral is made by the appropriate party. At 31 December 2009, Bord Gáis Éireann had €22.3 million on deposit with the four counterparties under the Credit Support Arrangements (2008: €Nil balance).

Note 4: The mark to market loss on euro/sterling foreign exchange forward contracts at 31 December 2009 was €2.0 million (2008: €31.1 million loss). The foreign exchange forward contracts reduce the variability of future forecasted cash flows arising on the sterling denominated purchase of gas and electricity.

Floating rate debt has not been included in the above analysis as payments are reset to market rates at frequent intervals.

Hedges:

Bord Gáis Éireann uses foreign exchange forward contracts and currency swaps to manage its currency exposure, interest rate swaps are put in place to manage interest rate exposure and cross currency interest rate swaps are used to hedge the US dollar exposure arising under the US Private Placement.

Changes in the fair value of these hedges are not recognised in the financial statements until the hedged transaction occurs.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

18. Financial Instruments continued

Unrecognised amounts at year-end:

At 31 December 2009, based on the prevailing foreign exchange and interest rates, the fair value of Bord Gáis Éireann's portfolio of forward foreign exchange, fixed rate debt, interest rate swap and currency swap contracts (including the underlying Private Placement debt) was a net loss of €235.3 million. This comprised a loss of €2.0 million on the foreign exchange contracts for sterling gas and electricity purchases, a loss of €79.2 million on fixed rate debt and net losses of €154.1 million arising on the interest rate swaps (including the Private Placement underlying debt).

The amount of net unrecognised losses on interest rate swaps of €154.1 million includes a loss of €34.9 million in respect of floating to fixed interest rate swaps, a loss of €0.2 million in respect of floating to floating interest rate swaps, a loss of €2.3 million on the UK RPI interest rate swaps and a loss of €116.7 million (including the underlying debt) in the case of the cross currency swaps entered into in connection with the Private Placement transaction.

Amounts expected to be recognised in 2010:

Based on the prevailing foreign exchange rates and interest rates as at 31 December 2009, Bord Gáis Éireann's portfolio of hedges would result in a net charge of €25.1 million in the Bord Gáis Éireann's profit and loss account during 2010, being a loss of €25.1 million arising on euro/sterling foreign exchange contracts and interest rate swaps.

Amounts recognised in 2009:

At 31 December 2008 based on prevailing foreign exchange and interest rates, Bord Gáis Éireann's portfolio of hedges expected to result in a net loss of €37.5 million in the Bord Gáis Éireann's profit and loss account. The foreign exchange losses recognised in the profit and loss for the year, which are included in the cost of sales as they directly related to the cost of gas and electricity purchases, amounted to €17.2 million. In addition, during the year to 31 December 2009, interest costs were higher than prevailing market rates by €10.4 million as a result of interest rate swaps and cross currency swaps.

19. Provisions for Liabilities

Group

	Restructuring €'000	Other €'000	Self-Insured Claims €'000	Total €'000
At 1 January 2009	41,265	23,566	6,972	71,803
Unwinding of discount	741	791	-	1,532
Utilised in year	(12,578)	(927)	(1,698)	(15,203)
Reclassification to creditors	(22,649)	-	-	(22,649)
Provision made during the year	30,304	-	1,109	31,413
Released during the year	-	(11,279)	-	(11,279)
At 31 December 2009	37,083	12,151	6,383	55,617

Board

	Restructuring €'000	Other €'000	Self-Insured Claims €'000	Total €'000
At 1 January 2009	41,265	23,566	6,972	71,803
Unwinding of discount	741	791	-	1,532
Utilised in year	(12,578)	(927)	(1,698)	(15,203)
Reclassification to creditors	(22,649)	-	-	(22,649)
Provision made during the year	30,304	-	1,109	31,413
Released during the year	-	(11,279)	-	(11,279)
At 31 December 2009	37,083	12,151	6,383	55,617

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

19. Provisions for Liabilities continued

Restructuring

In September 2009, the EU parliament and European Council enacted legislation in respect of the common rules for the internal market in natural gas. The Directive's stated main objective is to enhance the regulatory framework in order to make market opening fully effective and pave the way for a single EU gas market. The directive contains options for further organisational changes of vertically integrated utilities such as Bord Gáis Éireann. Provision has been made in the current year for an appropriate estimate of the business separation costs where a constructive or legal obligation exists.

The Networks Transformation Programme is a major programme which will be implemented over the three year period to 2011. Its overall vision is to "Deliver Excellence Across Networks" and make the organisation a best-in-class Network Utility Service Provider while improving customer service capability and enabling it to meet current and future regulatory targets. Provision has been made in the current year for an appropriate estimate of the reorganisation costs where a constructive obligation exists.

Other

The year-end provision includes appropriate estimates of various liabilities that are expected to arise. The provision includes an appropriate estimate of the cost of decontamination of legacy Gas Works sites. The provision includes obligations for site remediation and costs to be incurred in compliance with environmental regulations and constructive obligations. These liabilities are expected to be substantially discharged between 2010 and 2011.

Self-Insured Claims

Bord Gáis Éireann is self-insured in respect of certain injury and damage claims. The year-end provision is for the estimated costs of incidents that have occurred up to 31 December 2009. Payments are made as the cases are settled. The charge is included in the profit and loss account under operating costs. The nature of these claims is such that a settlement date is uncertain but Bord Gáis Éireann expect the claims to be substantially settled by 2012.

20. Deferred Tax

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
At 1 January	162,103	160,899	141,905	140,714
Acquisition	1,002	-	-	-
Provision made during the year	12,734	11,976	20,198	20,185
At 31 December	175,839	172,875	162,103	160,899

21. Capital Grants

	2009 €'000		2008 €'000	
	Group	Board	Group	Board
At 1 January	107,524	72,743	123,988	76,665
Amortised in year	(5,628)	(3,922)	(5,835)	(3,922)
Translation difference	2,750	-	(10,629)	-
At 31 December	104,646	68,821	107,524	72,743

In certain circumstances grants may become repayable if the conditions laid down in the grant agreements are not adhered to.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

22. Capital Stock & Premium

	2009			2008		
	Capital Stock €'000	Capital Premium €'000	Total €'000	Capital Stock €'000	Capital Premium €'000	Total €'000
Group						
At 1 January	98,025	13,425	111,450	-	-	-
Capital stock transferred from reserves	83	-	83	96,533	-	96,533
Issue of capital stock to ESOT	754	6,783	7,537	1,492	13,425	14,917
At 31 December	98,862	20,208	119,070	98,025	13,425	111,450
Board						
At 1 January	98,025	13,425	111,450	-	-	-
Capital stock transferred from reserves	83	-	83	96,533	-	96,533
Issue of capital stock to ESOT	754	6,783	7,537	1,492	13,425	14,917
At 31 December	98,862	20,208	119,070	98,025	13,425	111,450

In April 2008, Bord Gáis Éireann, by resolution of its members issued 96,532,855 units of capital stock at €1 per unit for €96,532,855 to the Exchequer from the profit and loss account reserve, pursuant to section 7B of the Gas Act, 1976. In June 2009 a further 83,745 units of capital stock at €1 per unit for €83,745 were issued to the Exchequer from the profit and loss account.

In 2008 1,491,700 units at €1 each were issued to the Bord Gáis Employee Share Ownership Trust (ESOT) for €14,917,000. In 2009 a further 753,700 shares at €1 each were issued to the ESOT for €7,537,000.

The principal rights attaching to each unit of capital stock include the right to exercise a vote at annual meetings of capital stockholders, entitlement to dividends from profits when declared and the right to proportionate participation in a surplus on winding up.

Details regarding the ESOT are outlined in note 24.

23. Reserves

	Profit and Loss Account €'000	Translation Reserve €'000	Total €'000
Group			
At 1 January 2009	1,234,031	(44,494)	1,189,537
Movement in the year	-	11,286	11,286
Profit for the financial year	104,245	-	104,245
Transformation savings paid to ESOT	(7,537)	-	(7,537)
Share based payment reserve	10,242	-	10,242
Appropriation of profits	(39,074)	-	(39,074)
Allocation of capital stock from reserves	(83)	-	(83)
Pension actuarial losses (net of deferred tax)	14,029	-	14,029
At 31 December 2009	1,315,853	(33,208)	1,282,645
Board			
At 1 January 2009	1,307,545	(51,648)	1,255,897
Movement in the year	-	17,184	17,184
Profit for the financial year	99,727	-	99,727
Transformation savings paid to ESOT	(7,537)	-	(7,537)
Share based payment reserve	10,242	-	10,242
Appropriation of profits	(39,074)	-	(39,074)
Allocation of capital stock from reserves	(83)	-	(83)
Pension actuarial losses (net of deferred tax)	14,029	-	14,029
At 31 December 2009	1,384,849	(34,464)	1,350,385

The share based payment reserve arises on the grant of capital stock to employees under the employee share ownership plan. Further information about share based payments to employees is set out in note 24.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

24. Share Based Payments

As a result of the "Transformation Savings Programme" agreed in April 2008, Bord Gáis Éireann will compensate employees for savings achieved from 2005 to 2009 through an employee share ownership plan. The total shareholding available to the employees under the scheme is 3.27% of the capital stock of Bord Gáis Éireann.

The savings achieved in 2005, 2006, 2007 and 2008 amounted to €22,454,000 and this amount has been paid by Bord Gáis Éireann to the Employee Share Ownership Trust. Subsequently, the Trust has subscribed for 2,245,400 units of capital stock of €1 each for a total consideration of €22,454,000. The capital stock will be held by the Trust for a period of three years before it is appropriated to the eligible employees through the Approved Profit Sharing Scheme. The savings expected to be achieved in 2009 amount to €10,242,000 and this amount will be paid to ESOT in April 2010, subject to the verification of the savings.

The amounts paid to the ESOT in respect of the savings achieved are shown in the Reserves note 23.

In accordance with FRS 20 - Share based payment, Bord Gáis Éireann recognises an expense in the profit and loss account, and a corresponding increase in equity, in respect of fair value of the capital stock issued to employees.

The fair value of the equity instruments issued was determined on a minority non-controlling basis. Factors taken into consideration in determining the fair valuation include the market, discounted cash flow, net asset value and the characteristics of the capital stock being acquired. The fair value of the equity instruments amounted to €22,454,000 in respect of the equity issued to employees for savings achieved in 2005, 2006, 2007 and 2008. The fair value of equity to be issued relating to 2009 savings expected to be achieved is €10,242,000 and is reflected in arriving at operating profit. Total expense recognised in the profit and loss account during the year was €10,242,000 with a corresponding increase in equity.

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25. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2009 €'000	2008 €'000
Profit before interest	181,833	195,796
Depreciation & amortisation	118,995	87,780
Profit on disposal of fixed assets	(12)	(280)
Loss on disposal of subsidiary undertaking	-	389
Share of loss in joint ventures	29	-
Decrease / (increase) in stocks	22,792	(19,394)
Increase in debtors	(11,008)	(51,211)
Increase in creditors	33,178	83,120
Increase in restructuring provision	19,025	-
Cash outflows in respect of rationalisation of operations	(13,505)	(7,388)
Net decrease in other provisions	(589)	(681)
Transformation savings paid to ESOT	(7,537)	(14,917)
Share based payment expense	10,242	22,454
Net cash inflow from operating activities	353,443	295,668

26. Reconciliation of Net Cash Flow to Movement in Net Debt

	2009 €'000	2008 €'000
Increase / (decrease) in cash resulting from cashflows	284,372	(156,109)
(Increase) / decrease in debt resulting from cashflows	(891,895)	59,445
Movement in net debt in the year	(607,523)	(96,664)
Net debt at 1 January	(1,203,036)	(1,106,372)
Net debt at 31 December	(1,810,559)	(1,203,036)

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

27. Analysis of Net Debt

	At 1 Jan 2009 €'000	Cash Flow €'000	At 31 Dec 2009 €'000
Cash at bank and in hand	261,861	284,372	546,233
Debt due within one year	(2,709)	(124,295)	(127,004)
Debt due after more than one year	(1,462,188)	(767,600)	(2,229,788)
Total debt	(1,464,897)	(891,895)	(2,356,792)
Net debt	(1,203,036)	(607,523)	(1,810,559)

28. Pensions

(a) Defined Benefit Schemes:

The Board operates seven externally funded defined benefit schemes. The assets of these schemes are held separately from those of the Board. Arrangements are being made to consolidate the assets and liabilities of the existing seven schemes into one new scheme.

The contributions for funding purposes are determined, using the projected unit credit method for the two principal schemes and the attained age method for the other schemes, by Mercer Human Resource Consulting Limited who are Actuaries to the schemes but are neither officers nor employees of the Board.

The most recent actuarial valuation was carried out at 1 April 2008. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the long-term investment return would be 2.5% per annum in excess of salary growth in the period to retirement and 1.25% per annum in excess of pension increases in respect of the period after retirement.

At the date of the last actuarial valuation the market value of the schemes' assets was €220 million and the actuarial value of those assets was, in aggregate, sufficient to cover 90% of the benefits that had accrued to members after allowing for expected future increases in earnings.

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

Membership details at 1 April 2008 were supplied by Bord Gáis Éireann and these were updated to 31 December 2009 by the Actuary of the schemes to take account of the requirements of FRS 17.

Financial Assumptions

	2009	2008
Discount rate	5.75%	5.75%
Expected return on plan assets	6.69%	6.62%
Inflation	2.00%	2.00%
Future salary increases	3.50%	3.50%
Future pension increases	3.00%	3.00%

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

28. Pensions continued

The assumptions relating to life expectancy at retirement for members who retire at age 65 are as follows:

Mortality Assumptions	2009	2008
Retiring today		
Males	21.2	21.2
Females	24.3	24.3
Retiring in 25 years		
Males	22.7	22.7
Females	25.8	25.8

Plan Assets	2009	2008
The asset allocations at the year end were as follows:		
Equities	48.40%	51.00%
Bonds	36.20%	38.50%
Property	4.20%	7.60%
Venture Capital	2.40%	2.70%
Diversified Alpha	8.70%	0.00%
Cash	0.10%	0.20%
	100.00%	100.00%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Amounts Recognised in the Balance Sheet	2009	2008
	€'000	€'000
Present value of funded obligations	(242,079)	(221,449)
Fair value of plan assets	218,949	182,695
Deficit for funded plans	(23,130)	(38,754)
Related deferred tax asset	2,891	4,844
Net liability	(20,239)	(33,910)

Change in Benefit Obligation	2009	2008
	€'000	€'000
Benefit obligation at beginning of year	(221,449)	(235,461)
Service cost - charged to profit and loss account	(3,856)	(5,742)
Service cost - charged to provisions	(817)	(698)
Interest cost	(12,942)	(12,960)
Plan members' contributions	(2,748)	(2,490)
Actuarial (loss) / gain	(2,921)	28,447
Benefits paid	7,587	8,582
Curtailments	(4,933)	(1,127)
Benefit obligation at end of year	(242,079)	(221,449)

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

28. Pensions continued

Change in Plan Assets	2009	2008
	€'000	€'000
Fair value of plan assets at beginning of year	182,695	238,671
Expected return on plan assets	12,254	15,538
Actual return less expected return on assets	18,954	(74,018)
Employer contributions	9,885	8,596
Member contributions	2,748	2,490
Benefits paid from plan	(7,587)	(8,582)
Fair value of plan assets at end of year	218,949	182,695

Actual return on plan assets	31,208	(58,480)
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Analysis of the Amount Recognised in Profit and Loss Account	2009	2008
	€'000	€'000
Current service cost	(3,856)	(5,742)
Interest cost (note 6)	(12,942)	(12,960)
Expected return on plan assets (note 6)	12,254	15,538
Total pension cost recognised in the profit and loss account	(4,544)	(3,164)

Analysis of the Amount Charged to Provisions	2009	2008
	€'000	€'000
Current service cost	(817)	(698)
Loss on curtailments	(4,933)	(1,127)
Amount charged to provisions	(5,750)	(1,825)

Statement of Total Recognised Gains and Losses (STRGL)	2009	2008
	€'000	€'000
Actual return less expected return on assets	18,954	(74,018)
Experience losses on liabilities	(2,921)	(1,105)
Changes in assumptions underlying the present value of the schemes' liabilities	-	29,552
Total pension gain / (loss) recognised in the STRGL	16,033	(45,571)

Cumulative pension loss recognised in the STRGL	(56,025)	(72,058)
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Movements in (Deficit) / Surplus During the Year	2009	2008
	€'000	€'000
(Deficit) / surplus at the beginning of the year	(38,754)	3,210
Charged to profit and loss account	(4,544)	(3,164)
Charged to provisions	(5,750)	(1,825)
Employer contributions	9,885	8,596
Actuarial gains / (losses)	16,033	(45,571)
Deficit at the end of the year	(23,130)	(38,754)

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

28. Pensions continued

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

	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Defined benefit obligation	242,079	221,449	235,461	233,424	236,544
Fair value of plan assets	218,949	182,695	238,671	228,463	201,256
(Deficit) / surplus	(23,130)	(38,754)	3,210	(4,961)	(35,288)
Difference between expected and actual return on plan assets:					
Amount	18,954	(74,018)	(6,567)	13,056	21,804
Percentage of plan assets	8.7%	(40.5%)	(2.8%)	5.7%	10.8%
Experience (losses) / gains on plan liabilities:					
Amount	(2,921)	(1,105)	262	(4,747)	3,740
Percentage of defined benefit obligation	(1.2%)	(0.5%)	0.1%	(2.0%)	1.6%

(b) Defined Contribution Schemes and Personal Retirement Savings Accounts (PRSAs)

During 2009, Bord Gáis Éireann made employer contributions payable under a defined contribution scheme in respect of a Northern Ireland subsidiary. Contributions payable by the employer to this defined contribution scheme amounted to €125,965 in 2009 (2008: €107,000). These contributions were charged to the profit and loss account.

In addition and in compliance with the provisions of the Pensions Act 1990 (as amended), Bord Gáis Éireann has appointed Personal Retirement Savings Account (PRSA) providers. During the year ended 31 December 2009 Bord Gáis Éireann contributed €150,741 (2008: €184,000) on behalf of its employees which was charged to the profit and loss account.

The balance payable at 31 December 2009 under Defined Contribution Schemes and PRSAs was €21,900 (2008: €24,000).

29. Contingent Liabilities

Contingent Liabilities may arise in respect of contractual agreements to which Bord Gáis Éireann is a party. The financial statements include estimates based on information available of the potential cost associated with the outcome of any such events which exist at the balance sheet date. Liabilities over and above those provided for in the financial statements could arise as a result of the occurrence or non occurrence of one or more uncertain future events but given the nature of the contingencies it is not practicable to make an estimate of the financial impact.

Liabilities in respect of financial instruments and rationalisation of operations have been provided for as disclosed in note 18 and 19. Contingent liabilities with respect to Capital Grants are disclosed in note 21.

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

30. Commitments

(a) Capital Expenditure Commitments

	2009 €' million		2008 €' million	
	Group	Board	Group	Board
Contracted for but not provided in the Financial Statements	167	148	313	311
Authorised by the Board but not contracted for	125	99	161	152
	292	247	474	463

(b) Gas Purchase Contract Commitments

Gas purchase contracts have been entered into which provide for the purchase of certain gas quantities in the years 2010 to 2025.

(c) Electricity Purchase Contract Commitments

Electricity purchase contracts for the purchase of certain electricity capacities have been entered into for the years 2010 to 2025.

(d) Operating Lease Obligations

Bord Gáis Éireann has entered into leasing arrangements for certain of its office and accommodation facilities and pipeline depot facilities. The related annual commitments are as follows:

	2009 €'000	2008 €'000
Operating leases which expire:		
Within one year	345	80
In two to five years	275	293
In over five years	2,212	976
	2,832	1,349

(e) Other Commitments

In the normal course of its business, Bord Gáis Éireann enters into certain undertakings and commitments to third parties in respect of obligations to perform under contractual arrangements. In certain cases, these arrangements are guaranteed by financial institutions and are counter indemnified by Bord Gáis Éireann. At 31 December 2009, €49.9 million (2008: €43.2 million) was provided by way of guarantees by financial institutions to third parties which have been counter indemnified by Bord Gáis Éireann.

31. Subsidiaries and Joint Ventures

At 31 December 2009 the Board had the following subsidiaries and joint ventures.

	Company	Nature of Business	Group Share
1	City of Waterford Gas Company	Non Trading	100%
2	Clonmel Gas Company Limited	Non Trading	100%
3	Cork Gas Company	Non Trading	100%
4	Limerick Gas Company Limited	Non Trading	100%
5	Natural Gas Finance Limited	Project and Financing Services	100%
6	Sudanor Limited	Non Trading	100%
7	Conservation Engineering Limited	Combined Heat and Power	100%
8	Aurora Telecom Limited	Non Trading	100%
9	BGE Finance Public Limited Company	Non Trading	100%
10	BGE (IOM) Limited	Gas Transmission	100%
11	Platin Power Trading Limited	Non Trading	100%
12	Bord Gáis Energy Trading Limited	Non Trading	100%
13	BGE Holdings Limited	Non Trading	100%
14	Oisín Power Generation Limited	Non Trading	50%

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

31. Subsidiaries and Joint Ventures continued

15	Keelderry Wind Farms Limited	Renewable Electricity Generation	100%
16	Keelderry Windfarm Supply Limited	Non Trading	100%
17	Sorne Wind Limited	Renewable Electricity Generation	100%
18	Kilhills Windfarm Limited	Renewable Electricity Generation	100%
19	Greener Ideas Limited	Electricity Generation	50%
20	Ballymartin Windfarm Limited	Renewable Electricity Generation	100%
21	Smithstown Windfarm Limited	Non Trading	100%
22	BGE Renewables Holdings Limited	Non Trading	100%
23	BGE (UK) Limited	Gas Transmission	100%
24	firmus energy (distribution) Limited	Conveyance of Gas	100%
25	firmus energy (supply) Limited	Supply of Gas	100%
26	Falleenafinnoga Windfarm Limited	Non Trading	100%
27	Garracummer Wind Farm Limited	Renewable Electricity Generation	100%
28	Inish Wind Limited	Renewable Electricity Generation	100%
29	Lisheen Windfarm Limited	Renewable Electricity Generation	100%
30	Lisheen Windfarm II Limited	Renewable Electricity Generation	100%
31	Mienvee Energy Limited	Renewable Electricity Generation	100%
32	Mienvee Energy (Nominees) Limited	Non Trading	100%
33	Newmarket Windfarms Limited	Non Trading	100%
34	Reisk Windfarm Limited	Non Trading	100%
35	SWS Glentanemacelligot Wind Farm Limited	Renewable Electricity Generation	100%
36	SWS Gneevs Wind Farm Limited	Renewable Electricity Generation	100%
37	SWS Green Energy Limited	Energy Supply	100%
38	SWS Inchincoosh Wind Farm Limited	Renewable Electricity Generation	100%
39	SWS International Energy Limited	Non Trading	100%
40	SWS Kilgarvan Wind Farm Limited	Renewable Electricity Generation	100%
41	SWS Knockacummer Wind Farm Limited	Renewable Electricity Generation	100%
42	SWS Knockawarriga Wind Farm Limited	Renewable Electricity Generation	100%
43	SWS Natural Resources Holdings Limited	Holding Company	100%
44	SWS Wind Farms Limited	Project Financing	100%
45	Tooreen Windfarm Limited	Non Trading	100%
46	SWS Energy Limited	Renewable Electricity Generation	100%
47	Craignagapple Windfarm Limited	Renewable Electricity Generation	100%
48	Owenreagh Power Partners Limited	Renewable Electricity Generation	50%
49	Owenreagh Wind Farm Limited	Renewable Electricity Generation	50%
50	SWS Lisavaire NI Limited	Renewable Electricity Generation	50%
51	Booltiagh Wind Limited	Renewable Electricity Generation	50%
Independent Subsidiary Undertaking			
52	Gaslink Independent System Operator Limited	Independent Gas System Operator	100%
Non Controlled Subsidiary Undertaking			
53	Bord Gáis ESOP Trustee Limited	Trustee for Employee Share Ownership Plan	100%
	The registered office of 1 to 22 and 53 is:	Gasworks Road, Cork, Ireland.	
	The registered office of 23 to 25 is:	First Floor, Pellipar House, 9 Cloak Lane, London EC4R 2RU, England.	
	The registered office of 26 to 45 is:	Shinagh House, Bandon, Co. Cork, Ireland.	
	The registered office of 46 is:	Shinagh, Bandon, Co. Cork, Ireland.	
	The registered office of 47 to 50 is:	21 Arthur Street, Belfast, BT1 4GA, Northern Ireland.	
	The registered office of 51 is:	Mill House, Buttevant, Co. Cork.	
	The registered office of 52 is:	6 Lapps Quay, Cork, Ireland.	

NOTES TO FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2009

32. Related Party Transactions

Semi-state Bodies

In common with many other entities, Bord Gáis Éireann deals in the normal course of business with other Government sponsored bodies. One such body is the Electricity Supply Board, which like Bord Gáis Éireann is under the common ownership of the Minister for Communications, Energy and Natural Resources who has a role in appointing the Board Members.

Interests of Board Members and Secretary

The Non Executive Board Members had no beneficial interest in Bord Gáis Éireann or its subsidiaries at any time during the year. The Chief Executive and Secretary are beneficiaries of the Employee Share Ownership Plan.

33. Bord Gáis ESOP Trustee Limited

Bord Gáis ESOP Trustee Limited was incorporated in 2008 as trustee of the Bord Gáis Employee Share Ownership Trust and the Bord Gáis Approved Profit Sharing Scheme. Bord Gáis Éireann has no ability or rights to exert control over the assets or management of the company. The Board of Directors is chaired by an independent professional director with four directors representing Bord Gáis Éireann employees and two directors appointed by Bord Gáis Éireann. Bord Gáis Éireann has determined that it does not have de facto control over the company and therefore the accounts are not consolidated within the results of the Group.

34. 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 financial statements or any additional disclosures.

35. Approval of Financial Statements

The Financial Statements were approved by the Board on 30 March 2010.

EU DIRECTIVE 2000/35/EC - LATE PAYMENTS IN COMMERCIAL TRANSACTIONS REGULATIONS 2002

Payments made during 2009 were governed by EU Directive 2000/35/EC to combat late payments in commercial transactions. This directive applies to goods and services supplied to Bord Gáis Éireann by EU based suppliers.

Statement of Payment practices including standard payment periods

Bord Gáis Éireann operates a policy of paying all undisputed supplier invoices within the agreed terms of payment. The standard terms specified in the standard purchase order are 45 days. Other payment terms may apply in cases where a separate contract is agreed with the supplier.

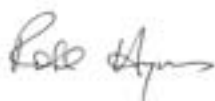
Compliance with the Directive

Bord Gáis Éireann complies with the requirements of the legislation in respect of all supplier payments. Procedures and systems, including computerised systems have been modified to comply with the Directive. The procedures operated well during the year. These procedures ensure reasonable and not absolute assurance against non-compliance.

Information on Payments in 2009:

- Standard payment terms are 45 days.
- The total number of invoices in excess of €250 paid late was 28 (2008: 108) with a value €0.1 million (2008: €0.3 million). On average late payments were 58 days late (2008: 44 days).
- Late payments constituted less than 0.01% of total payments (in monetary terms) made during the year.
- Total interest paid in respect of late payments amounted to €839 (2008: €9,286).

For and on behalf of the Board:



Chairman



Member of the Board

30 March 2010

Date of Approval