Annual Report & Financial Statements **2011**

Connecting Communities

PRN. A12/0342

Bus Éireann added 88 new vehicles to their fleet in late 2011. The new vehicles are equipped with added features including Wi-Fi, and power sockets.

Contents

Córas Iompair Éireann would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2007-2013 as well as co-funding by the European Union.

NDP
National Development Plan
Transforming Ireland

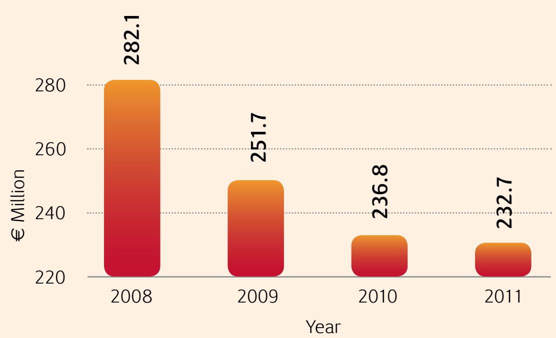
Chairman's Statement 2011

The CIÉ Group of companies is facing some of the most significant financial challenges in its history, due to the effects of the country's economic crisis.

Three major factors have impacted on the financial position of the Group, namely:

- Public service obligation and other current exchequer payments have reduced by €41.4 million since 2008, with further reductions proposed each year in the period 2012-14.
- Increased unemployment and reduced leisure and business activity have seen passenger journeys reduce by 17.5% since 2008, with a fall of €81.2 million in revenue.
- One of our major cost areas, fuel, has increased by €22 million in three years.

CIÉ Group Passenger Journeys 2008 – 2011



As lower economic activity led to lower demand and as public service payments from the Exchequer have been further reduced, our focus has been to continue to provide the strongest possible public transport service to communities across the country in an extremely difficult funding environment.

I would like to sincerely thank the staff and management of the CIÉ Group of companies for their significant efforts in meeting the challenge throughout 2011. They have built on achievements in cost savings already delivered in previous years, including:

- Annual operating costs for 2011 have been cut by €174 million since 2008.
- The size of the workforce has been reduced by 1,450 on average during the same period, while the companies maintained a strong public transport service.
- A series of initiatives, ranging from service reviews to contract renegotiations, which will yield ongoing operational savings.

These efforts must continue and be redoubled, since the general outlook remains one of serious concern. A wide range of factors affecting the Irish or international economy would have a serious effect on the Group's financial position.

As noted by our auditors PricewaterhouseCoopers (PwC), these circumstances give rise to uncertainty for the business, and challenge the Group's ability to continue to trade as a going concern.

The Board is nevertheless confident that planned actions, together with renewed facilities and other funding, the additional funding being sourced with the Department of Transport, Tourism and Sport, the additional revenue generated by fare increases, the ongoing support of the Government and the successful implementation of cost reduction measures, will ensure that the Group will have sufficient resources to continue its operations for the foreseeable future.

Measures to be undertaken include:

- Realisation of non-core assets
- Reduction in cost base including payroll reductions
- Multi-annual fare increases
- Curtailment of own-funded capital programme

We will continue to engage positively with the National Transport Authority (NTA) and the Minister for Transport, Tourism and Sport and his department in order to plan our business in line with the new funding environment.

Along with continued cost reduction programmes, we will also work to grow the business further. Across our bus and train services, we are delivering a quality, customer-focused service, and we will promote this service, encouraging more people to use public transport, in partnership with the NTA and other transport agencies.

However, as noted in the Government's Comprehensive Expenditure Report 2012-2014, planned reductions in public service obligation payments which are already significantly below European averages will pose challenges in relation to provision of existing service levels. As has been the case heretofore, efficient delivery of safe, comfortable and reliable services, which meet current market demands, will be our over-riding objective.

Indeed, notwithstanding the economic situation, there continues to be positive developments in relation to service delivery.

During 2011, the CIÉ Group of companies, together with the National Transport Authority (NTA) and the Railway Procurement Agency (RPA), worked together in introducing the Leap Card to Greater Dublin Area commuters. This facility will be developed further in 2012. A total of 120,000 Leap Cards were in circulation amongst Greater Dublin Area commuters by September 2012, a testament to the success of the implementation of this multi-agency project.

Although some major projects such as DART Underground were deferred in the revised Exchequer Capital Programme, key investments such as the Railway Safety Programme and the renewal of Public Service Obligation (PSO) buses were protected, ensuring that the gains of recent years in securing the rail infrastructure and in modernising our bus fleet will not be lost.

Customer experience is being improved with real time passenger information systems, wi-fi and use of social media all expanded across the Group. A strong commercial focus exists, with revenue and business opportunities being actively targeted across rail and bus services.

While the primary business of the CIÉ Group is domestic passenger services, it was another successful year for our other business units. CIÉ Tours continued to deliver growth for the Group and for the Irish economy in inward tourism, particularly from the key American market. Rail freight saw volumes increase, and the business – which operates entirely on a commercial basis – generated a surplus for Iarnród Éireann. Rosslare Europort, Commuter Advertising Network (CAN) and CIÉ Property also all generated income for the Group.

However, the outlook remains a challenging one. The Boards of CIÉ and the operating companies, together with staff and management across the Group, are acutely aware of the difficult environment we face. Only through a continued focus on cost reduction and growing the business will we succeed. While there are encouraging signs that passenger numbers are stabilising, and growth is targeted, we cannot for a moment be complacent in addressing the challenges ahead in order to ensure that we continue to provide the communities and citizens of Ireland with a quality public transport service.

Acknowledgements

On behalf of the Board, I would like to express my thanks to the Minister for Transport, Tourism and Sport, Dr. Leo Varadkar T.D. , Minister of State for Public and Commuter Transport Mr. Alan Kelly T.D. and to the former Ministers for Transport, Mr. Noel Dempsey T.D. and Mr. Pat Carey T.D., for their support to the CIÉ Group during the year, as well as to officials of the Department of Transport, Tourism and Sport and the National Transport Authority for their assistance.

I am also grateful to the Government, the former Government, and particularly the Taoiseach, the former Taoiseach, the Minister for Finance and the late former Minister for Finance for the major investment programmes which were undertaken under the National Development Plan 2007-2013 and for the commitment given under the Transport 21 Plan announced in November 2005, which was so vital to the improvement of public transport in Ireland.

The Board also gratefully acknowledges the support from the EU Structural Fund co-financing.

I would like to extend a thank you to the staff of the CIÉ Group of companies for their sustained efforts throughout the year.

Dr. John Lynch, retired as Chairman of the Board on 28th June 2011 and Mr. Paul Kiely retired from the Board on 28th April 2011 having served over 11 years and 12 years on the Board respectively. I would like to thank them for their enormous commitment and contribution to CIÉ during their tenure as board members. Mr. Graham Lightfoot, Mr. Neil Ormond, Prof. Yvonne Scannell and Mr. Seamus Sheerin retired from the Board on 28th April 2011, Mr. Dermot Killen retired from the Board on 18th May 2012 and Mr. Mick Cullen retired from the Board on 4th October 2012. I would like to thank them also for their valuable service.

Along with myself, a number of other members were appointed to the Board during 2011. Mr. Kevin Bonner, Mr. Phil Gaffney and Mr. Paul Mallee were appointed on 29th June 2011. Ms. Helen Keelan and Mr. Aebhric McGibney were appointed on 11th October 2011. In addition, Ms. Frances Meenan and Prof. P. J. Drudy were appointed to the Board on 24th July 2012. We along with the remaining members of the Board look forward to dealing with the many challenges that lie ahead for the CIÉ Group.

In conclusion, I would also like to thank the board members and the directors of all of the Board's subsidiary companies for their constant help and support to me personally and for the giving of their time to serve on the boards and on the many vital committees and advisory groups within the CIÉ Group.

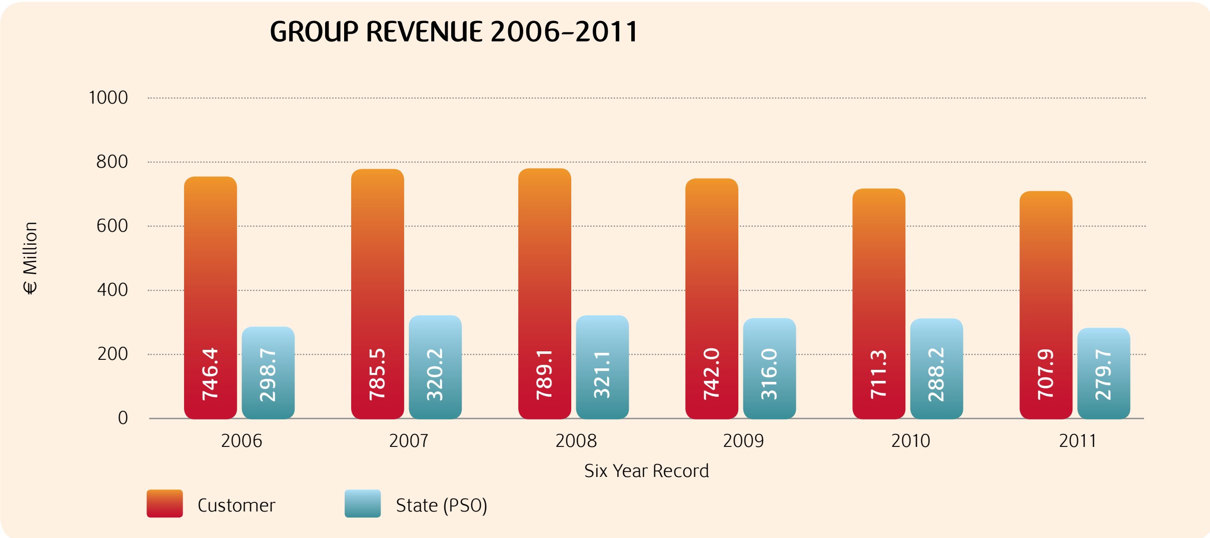
Ms. Vivienne Jupp
Chairman

Operations Review

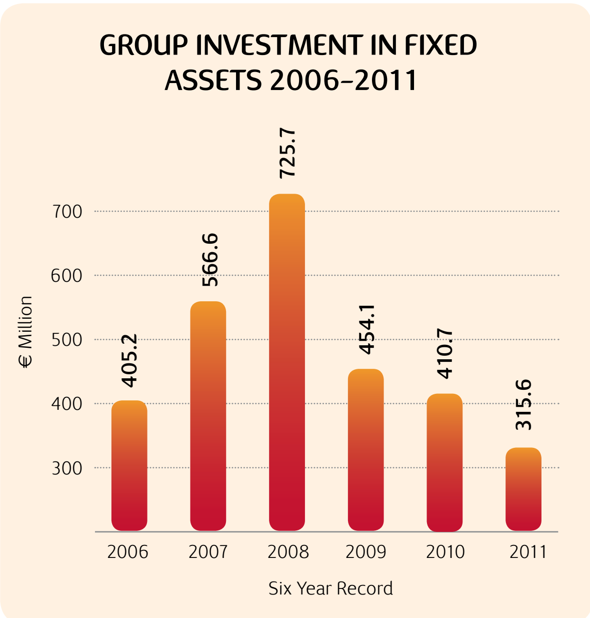
The operating results for the CIÉ Group for 2011 records a deficit of €11.2 million before the adjustment for FRS 17- Accounting for Retirement Benefits. After taking into account the requirements of FRS 17 the deficit is €6.1 million compared to a deficit of €53.6 million in 2010. The following table sets out the operating results for 2011.

The voluntary severance programme that was implemented throughout the Group has resulted in an average drop in employee numbers by 557 during the year, representing a saving of €25.2 million in payroll costs compared to 2010. This coupled with the €29.4 million reduction in the cost of the voluntary severance programme in 2011 and the profit on the disposal of property generating €22.3 million has offset the increase in operating costs of €22.9 million including fuel increases of €7 million, the reduction in passenger revenue of €3.4 million and the reduction in subvention received from the Government of €8.5 million for the year.

	2011 **€M**	2010 €M
Revenue	**707.9**	711.3
Public Service Obligation grant payments and Rail Safety grant	**279.7**	288.2
Total Revenue	**987.6**	999.5
Payroll related costs	**(555.5)**	(580.7)
Other operating costs	**(461.8)**	(438.9)
Financial costs	**(2.1)**	(2.0)
Profit on disposal of tangible assets	**22.3**	0.7
Total Costs	**(997.1)**	(1020.9)
Deficit before Exceptional Costs and FRS 17 adjustments	**(9.5)**	(21.4)
Exceptional Costs	**(1.7)**	(31.1)
Deficit before FRS 17 pension cost adjustments	**(11.2)**	(52.5)
FRS 17 pension cost adjustments	**5.1**	(1.1)
Operating deficit including FRS 17 pension cost adjustments	**(6.1)**	(53.6)



The Public Service Obligation (PSO) and the Rail Safety grant payments of €279.7 million represent a decrease of €8.5 million on 2010. In addition, the Group received Exchequer funding of €243.7 million for capital expenditure under the National Development Plan (NDP), a reduction of €185.7 million on 2010 levels. Group investment in fixed assets in 2011 amounted to €315.6 million (2010 - €410.7 million)



Group Companies

The detailed operations reviews for Iarnród Éireann, Bus Átha Cliath and Bus Éireann are contained in each company's separate Annual Report.

Iarnród Éireann

2011 was another challenging year for Iarnród Éireann, with reduced domestic economic activity impacting directly on customer demand, albeit that the rate of decline slowed over previous years. Revenue at €185.8 million is down 2.3% on last year culminating in a loss for the year of €21.9 million compared to a loss of €36 million last year with savings in payroll costs of €30.7 million, €19.4 million of this being savings in voluntary severance payments.

In total, there were 37.4 million passenger journeys across Iarnród Éireann's passenger businesses in 2011, a 2% reduction from the 2010 figure of 38.2 million. There was growth on some routes, with the DART and commuter business recording increases, helped by an increasing number of entertainment and sporting events.

Revenues have fallen in line with passenger journeys. Subvention for Public Service Obligation (PSO) services was reduced by €6.5 million or 4.2% during 2011. Fuel costs have risen by €1.7 million or 6.3%.

The freight business generated a surplus, boosted by the introduction of new container traffic which saw volumes increase by 13%.

In addition, Rosslare Europort contributed a profit of €2.1million in 2011 from a turnover of €10.3 million.

2011 was again a time for proactive cost management and implementation of efficiency measures. However, these efforts must continue to ensure the continued financial viability of the company.

Passenger Sales Promotions

A number of targeted passenger sales promotions have been held in an effort to increase passenger revenue across the InterCity, Commuter and DART business sectors.

The TaxSaver business continued to grow in 2011 with total sales reaching €24.5 million an increase of €2.8 million. Promotions were held on site at existing client companies throughout 2011 to highlight the value for money message to employees. A direct mail campaign targeting companies not in the TaxSaver scheme was undertaken and that proved to be very successful. A marketing campaign took place in December prior to the Budget with a strong emphasis on the tax savings that could be made by purchasing a TaxSaver ticket. The combination of the direct mail and marketing campaigns led to 241 additional companies purchasing TaxSaver cards for their staff in 2011. Iarnród Éireann will continue to focus its marketing and sales effort on this product in 2012.

A family ticket promotion during Easter 2011 doubled the number of family tickets sold over the Easter holiday with revenue increasing from €103k in 2010 to €210k in 2011.

Summer sales promotions supported by the Irish tourism agencies focused on stay-at-home holiday makers yielded a 28% increase, or €836k, over 2010 figures, and €690k for family tickets.

Railway Safety and Investment Programme

The Railway Safety Capital Investment Programme continues to strengthen network safety in Iarnród Éireann and the 2011 programme concentrated on the replacement of sub-standard assets and the improvement of safety related work practices.

Exchequer funding of €119 million was claimed in 2011 as part of the Railway Safety Programme. The major renewal works completed included:

- 12 miles of new track renewal and 9 miles of second hand track renewal.
- 18 miles of under track excavation and formation renewal, 95 miles tamping and 380 miles of ballasting.
- 95 track joints and 142 point ends renewed.
- 28 cutting and embankment projects completed.
- 46 miles fencing replaced.
- 50 bridges and 24 level crossings upgraded.
- 6 accommodation level crossings closed and 10 other closures underway.

- 5 Automatic Half Barrier level crossings upgraded to CCTV monitored crossings.

Operating Performance

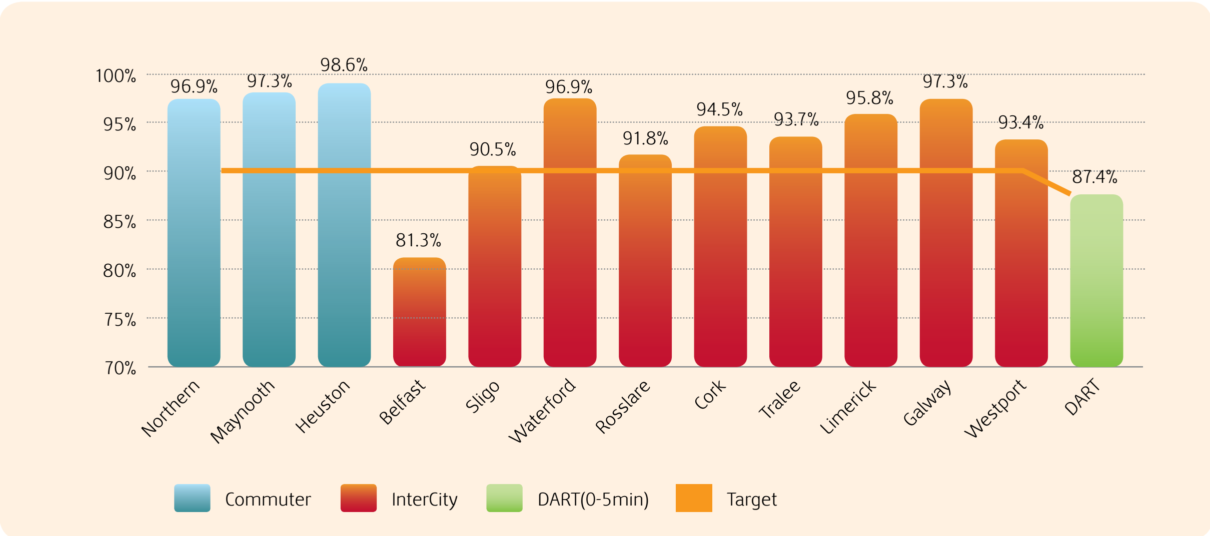
2011 was a very good year overall for passenger train service punctuality and reliability. The results are set out by line of route below and show that, over the year as a whole, all Iarnród Éireann's DART, Commuter and InterCity routes within the state achieved and exceeded the targets set by the National Transport Authority in the Public Service Contract with Iarnród Éireann.

DART and Commuter services over the 'short hop zone', which is the area bounded by Balbriggan to the north, Maynooth and Hazelhatch to the west and Greystones/ Kilcoole to the south.

WiFi has been installed successfully on the Dublin-Cork InterCity trains and is now being rolled out to all other Iarnród Éireann Intercity railcars and to the DART and Commuter fleets, thus ensuring that WiFi connectivity will be available for customers on all Iarnród Éireann's train services within the state.

Discussions are ongoing with NIR with regard to WiFi on cross-border Enterprise train services.

Figure 1. Operating Performance



The exception to this was the cross border route which did not achieve the 90% 0-10 minutes punctuality target in 2011. Actions, including daily and weekly cross border train service performance reviews via telephone conferencing with NIR management, have commenced in a determined effort to restore punctuality to the Enterprise service in 2012.

Customer Service Improvements

The LEAPCARD, Dublin's integrated ticketing e-purse smartcard system was introduced for journeys on Iarnród Éireann's DART and Commuter services, along with Bus Átha Cliath and Luas services, in December 2011. The area over which the ITS smartcard is valid includes all Bus Átha Cliath routes, all Luas lines, and Iarnród Éireann's

In 2011, Iarnród Éireann introduced the 'PayByText' mobile phone payment system for all station car parks, to provide greater customer convenience and to reduce the dependence on cash-based pay and display ticket machines.

Delivery of New Railcars

The deliveries of a further 57 InterCity railcar vehicles, (19 x 3-car units) commenced in May 2011 and the first vehicles will be commissioned for use in early 2012.

The programme for the deployment of these new trains includes:

- deployment on outer-suburban commuter services from Longford and Dundalk, to improve speed and quality for longer distance commuters and to enable redeployment of class 29000 Commuter railcars to improve inner suburban peak frequency and capacity where required.
- targeted deployment on InterCity routes to increase peak frequency by the introduction of limited stop quicker journey time services to recoup InterCity revenue.

Bus Átha Cliath

The economic environment continued to be a major influence on demand for services during the year but by year end the rate of decline compared to previous years had slowed appreciably. The company experienced a deficit of €18.2 million for the year compared to a deficit of €22.1 million in 2010. The process of bringing costs in line with lower revenue continued and at the end of 2011 this resulted in total operating costs reduced by €10.7 million compared to 2010 and this will progress further in 2012.

Total revenue, at €178.3 million is down €3.9 million on 2010 with Public Service Contract (PSC) payments reduced by €2.7 million during the year. Total passenger journeys amounted to 117 million in 2011 compared to 119 million in 2010, a reduction of 1.7%.

Total payroll savings of €6.6 million were achieved during the year and these will amount to approximately €12 million in a full year. These savings were generated mainly through headcount reduction as a result of the revised network of services, faster journey times and efficiency gains. Average staff numbers employed declined by 217 (6%) and the full year effect will bring the reduction to 9% in 2012. Since 2008, the average number of staff employed has reduced by 480 and this will exceed 600 (16%) in 2012.

Over 200 buses have been taken out of the fleet and not replaced in recent years. In addition the average life of buses has been extended from 10 years to 12 years resulting in a reduced depreciation charge but this is mitigated to some extent by increased maintenance and refurbishment costs.

Network Direct

The Network Direct project continued to successfully redesign services to match customer demand and to adjust service timetables in line with running time improvements and bus priority measures. The project, which commenced in 2010 following a strategic review of the operations of the company, involved a complex matrix of; timetable changes, staff reductions, bus fleet reduction, new termini, new routes, cancelled routes and staff working arrangements. It required extensive consultations with many stakeholders and a lengthy and detailed communications programme. In 2011, Bus Átha Cliath staged 19 public consultation sessions and implemented Network Direct proposals in 22 areas throughout the network. Network Direct revisions introduced in 2010 have all recorded increases in passenger numbers and it is anticipated that 2011 revisions will yield the same results. Marketing campaigns have been devised to promote the benefits of the 2011 revised services. The project is scheduled for completion in early 2012.

The aim of the Network Direct project is to deliver:

- An increase in the number of high frequency routes (10 minute headway or better in peak times)
- More direct alignments to/from key areas of work/ leisure
- Greater use of Quality Bus Corridors (QBCs)
- Even headways from departure points on a corridor basis
- Less route variations making the network more simple to understand
- A new network of more direct orbital services
- An increase in cross city routes minimising customer interchange
- Improved connections with rail and Luas transport modes

Bus Átha Cliath has devised a service that meets the changing needs of its customers and the results are evident in the following examples of increases in passenger numbers by the end of 2011 along QBCs and revised routes:

- Blanchardstown QBC- Passenger numbers increased by 4%
- Stillorgan QBC- Passenger numbers increased by 2%
- Lucan QBC- Passenger numbers increased by 4%
- Northern Orbital Routes - Passenger numbers increased by 15%

Technological Developments

2011 saw the completion of the Automatic Vehicle Location and Control system (AVLC) facilitating the introduction of Real Time Passenger Information (RTPI) as a benefit available to all Bus Átha Cliath customers via website, iPhone and Android app and on street RTPI units. The majority of commuters seeking RTPI information now have virtually instant access to it.

The AVLC system became fully operational in all Bus Átha Cliath's depots during the year. The programme, funded by the Department of Transport, Tourism and Sport, ensures greater predictability and control of services and is the infrastructure upon which Real Time Passenger Information (RTPI) operates. The AVLC technology, fitted onto Bus Átha Cliath vehicles, feeds location data back to the Bus Átha Cliath Centralised Control Centre where services are monitored and regulated.

Due to the progress of Bus Átha Cliath's AVLC programme, in February 2011 Dublin City Council, on behalf of the National Transport Authority (NTA) was able to launch the first 10 on-street RTPI display screens, which receive AVLC data and use it to provide RTPI. These 10 units were the first of a total of 272 information screens now located throughout the Bus Átha Cliath network allowing customers to determine the arrival time of their bus. Further display units are being deployed during 2012 and it is planned that a total of 500 RTPI units will be located throughout the Bus Átha Cliath network.

In July Bus Átha Cliath launched a RTPI facility on its website www.dublinbus.ie, ensuring a greater ease of access to RTPI for all customers. In conjunction with this, Bus Átha Cliath launched an iPhone app. The app initially contained a route planner, route timetables and news items, but was upgraded and now provides customers with an RTPI facility. iPhone users can check the actual arrival time of their bus at all 5,000 bus stops and shelters on the Bus Átha Cliath network. The app won Best Travel and Tourism App at the second annual Appy awards, which recognise and honour the best in application development for smart-phones, tablets and social media platforms. In December 2011, an Android version of this app was launched. Customer response to RTPI has been extremely positive with weekly requests for RTPI averaging at just over 700,000. In 2011 the Bus Átha Cliath website (www.dublinbus.ie) received Best IT Project of the Year (Public Sector) at the ICT Excellence Awards. The awards recognise the best in the Information and Communications Technology Industry in Ireland.

Launch of Leap Card

In December 2011, Minister of State for Public and Commuter Transport, Alan Kelly, along with the NTA officially launched Leap Card, the new integrated transport ticketing system for the Greater Dublin Area.

The first phase of the project is the introduction of the Leap Card that carries a reloadable stored value purse (or travel credit). It was launched simultaneously on Bus Átha Cliath, Iarnród Éireann and Luas services. The Leap card offers customers discounts relative to the normal cash fares. During 2012, the system is due to be enhanced with the introduction of daily and weekly fares capping, transfer rebates (discounts for transfer between services) and automated top-up facilities. The subsequent phase of the project will see the implementation of all prepaid commuter tickets on the Leap Card. Bus Átha Cliath, in conjunction with its ticket system supplier, and other transport operators will progressively deploy upgrades to their respective ticketing systems to support the increased range of functionality throughout 2012.

Retaining and Attracting New Customers

The primary activity in retaining and attracting customers is the Network Direct project which is transforming the network. This will be complemented in 2012 by developments in RTPI, Network Direct consultation and implementation and promotion of 'Super Routes' which were the core marketing activities undertaken to support, retain and attract new customers. A mix of local and national press, area door-drops, on bus leaflet distribution and information on the Bus Átha Cliath website were used to support Network Direct Information and Promotion Campaign. RTPI launched in September 2011 online, by SMS and via free iPhone and Android apps. A fully integrated marketing campaign ran in conjunction with the launch of RTPI including press, on bus and online activity.

A mix of advertising campaigns ran throughout 2011 including:

- Value-campaigns undertaken to promote the benefits of taxsaver.ie and prepaid tickets.
- Added value and joint promotion – Bus Átha Cliath's 'Ticket Thursdays' campaign, which gives discounts to prepaid holders in participating city centre outlets and venues was run again in 2011.
- Route Specific promotions – Significant service improvements have been made to key routes across the city as part of Network Direct. A critical part of the recruitment strategy for the first half of 2011 was to 'sell' these routes to non users, pushing the improved connection and frequency features of these routes. Bus Átha Cliath implemented route specific campaigns involving revised routes including: 9, 14, 39a, 46a and 145.

Severe Weather 2011

In October Dublin experienced a month's fall of rain in the space of one night and was subjected to wide scale flooding causing significant traffic disruptions. Bus Átha Cliath continued to provide a service for its customers. Both Luas and DART services experienced service stoppages so, in many areas across Dublin, Bus Átha Cliath was the sole public transport provider operating. Bus Átha Cliath's experience of operating during the cold snap of late 2010 ensured that a contingency action plan was already in place to deal with the possibility of a re-occurrence of adverse weather conditions.

Bus Átha Cliath's centralised operations control in Broadstone acted as a base control throughout the duration of the bad weather. The presence of Traffic Management CCTV screens in Operations Control and the deployment of Chief Inspectors throughout the network allowed Bus Átha Cliath to ascertain the standard of the roads. Based on this, Bus Átha Cliath introduced a series of route curtailments and diversions that ensured, in the vast majority of cases, customers were able to get to their point of destination. All DART, suburban rail and Luas tickets were honoured on Bus Átha Cliath services ensuring that all commuters were able to get to and from work. Customers were updated on service developments via the website, social media pages and information phone lines, which operated extended hours during the duration of the bad weather. All media outlets were regularly briefed on service developments. Through a combination of the above practices, customers were kept up to date with all service developments.

Public Service Contract- Bus Átha Cliath Continues to Meet its Goals

The Public Service Contract has been in existence between the NTA and Bus Átha Cliath since December 2009 and it sets out the network and range of services to be provided by Bus Átha Cliath, the performance levels to be achieved under the Public Service Obligation (PSO) and the compensation to be paid by the NTA for the provision of these services. Bus Átha Cliath reports quarterly to the NTA on the performance measurements and Bus Átha Cliath has generally performed well. The NTA requires payments it makes under the Public Service Contract to be independently audited to verify that the contracted requirements have been met by Bus Átha Cliath. These payments amounted to €73.0 million in 2011 compared to €75.7 million in 2010. The Public Service Contract for 2010 was independently audited on behalf of the NTA during 2011 and the auditors concluded that Bus Átha Cliath had met or exceeded the standard of performance specified in the contract for PSO services. The auditors stated that Bus Átha Cliath's costs are consistent with those of a 'well-run' public transport operator.

The Importance of a Safe Workplace

The board of Bus Átha Cliath and the executive management team are committed to protecting the safety, health and welfare of employees, customers and those affected by the company's activities, such as other road users, visitors to Bus Átha Cliath premises or contractors employed by the company.

The company's safety management system provides a detailed framework for the management of health and safety risks associated with the company's operations. Safety forms an integral part of the responsibilities of senior managers, middle managers and supervisors who, in turn, must ensure that their employees fully understand and comply with the requirements contained therein.

Whilst the requirement to provide adequate training and instruction is enshrined in the requirements of the Safety, Health and Welfare at Work Act, 2005, Bus Átha Cliath continues to recognise the importance of exceeding the minimum requirements by continually assessing the competency requirements of its employees. This is reflected in its planned training programme which includes specific non-statutory training and regular in-house communication briefings relating to safety-critical information. The ongoing delivery of Certificate of Professional Competency (CPC) training continues to be an effective means by which other safety-related information can be delivered. The Company has also recently invested in a new driver training and evaluation system which provides training by means of video assessment with subsequent one to one feedback sessions.

In relation to accidents, 2011 saw a significant reduction in the rate of collision accidents and customer accidents with reductions of 13.5% and 6% respectively when compared with 2010 figures.

Fleet Accessibility — A Bus Service for Everyone

In 2011, Bus Átha Cliath continued to focus on enhancing the accessibility of services for customers. An additional four routes were designated low floor wheelchair accessible in 2011 and the Bus Átha Cliath fleet is now at 92% meaning that that it is well on target to having a fully accessible fleet by the end of 2012. The company's Travel Assistance Scheme, which was introduced in 2007, continues to enjoy an increase in subscriptions with user figures in 2011 over four times the user figures in 2007. The initiative was designed to provide advice on using public transport services to customers with reduced mobility, sensory impairments and learning disabilities. With the help of a full-time Bus Átha Cliath travel assistant, customers design a tailor-made travel plan, to suit their needs, ultimately leading to independent travel. Customers can access more information on Travel Assistance by contacting Bus Átha Cliath's Accessibility Officer on (01) 7033204 or by e-mailing travelassist@dublinbus.ie.

Corporate Social Responsibility (CSR) — Our Work in the Community

Bus Átha Cliath undertakes a series of Corporate Social Responsibility (CSR) initiatives as a way of further committing itself to the communities that it serves within the Greater Dublin Area (GDA). The 2011 Bus Átha Cliath Community Support Programme (CSP) was the biggest and most successful event in the history of the programme. The CSP, which celebrated its eighth year in 2011, was established to help groups and organisations in the Greater Dublin Area whose work, for the most part, go unrecognised outside the circle of people they help. To date over 1,300 local charities and voluntary organisations from communities across the GDA have benefited from the funding received from this programme. The cost of the programme is funded through long term unclaimed passenger change.

Another CSR activity is the Children's Art Competition, which utilises an annual art and poetry competition to instil a respect for public transport amongst our younger customers. Some of the winning entries are incorporated into a Bus Átha Cliath calendar, which has proved to be popular amongst older and younger customers alike. The programme was launched in 2001 and has proved to be extremely effective in tackling anti-social behaviour on buses and promoting a respect for public transport.

An offshoot development from the Children's Art Competition is the annual Niall Quinn Penalty Shootout, which was launched in 2003, where children receive coaching from the ex-International Republic of Ireland football player. This year's event took place in June at the East Wall Community Centre.

Shuttle Service for Festival Events

Two high profile music events, Slane and Oxegen, took place during the summer of 2011. In both instances Bus Átha Cliath provided a designated shuttle service to transport music fans to and from the events. For the Slane concert Bus Átha Cliath provided 200 double deck buses and in conjunction with the Gardai, Meath County Council and the organisers put in place improved parking and unloading procedures, which proved to be extremely successful. For the Oxegen music festival which ran from July 8th until July 10th, Bus Átha Cliath ran a shuttle service to the event in Punchestown. From June 30th to July 3rd the Tall Ships Festival took place in Waterford. Bus Átha Cliath provided a Park and Ride shuttle service at the event. In total 40 buses were deployed to Waterford for the duration of the festival.

Developments in Commercial Services

In June 2011 Bus Átha Cliath launched an improved Airlink service, which uses the Port Tunnel in both directions of its route ensuring quicker journey times for customers travelling to Dublin Airport. The Airlink route also incorporates a greater number of hotels, guesthouses, tourist and business districts along its revised route. The on-street information for Airlink was also redesigned to give it a more distinctive feel and make it easier to recognise. In February 2011, the Bus Átha Cliath Hop-On Hop- Off Tour was voted top tour on hostelworld.com, based on the website's customer reviews in 2010. Hostelworld.com is the world's leading hostel booking website. In May 2011 the Ghostbus Tour was awarded a 2011 Certificate of Excellence from the world's top travel website, Trip Advisor, for consistently receiving excellent ratings from their members.

Bus Éireann

Financial Review and Overview

During 2011 Bus Éireann continued its strong focus on cost reduction and marketing of it's services to maximise passenger revenue. Total revenue earned in 2011 amounted to €283.7 million compared to €285.9 million in 2010. The company earned a profit of €0.5 million, after exceptional items, in 2011 compared to a loss of €2.2 million in 2010. The loss before exceptional items amounted to €1.8 million in 2011 compared to a loss of €2.2 million in 2010.

The effects of the recession, with factors such as increased unemployment, reduced retail spending and less disposal income impacted negatively on customers' "reason to travel" during 2011 however the company responded by strongly marketing its network of Public Service Obligation (PSO) and commercial services and succeeded in holding passenger revenue at 2010 levels. The company is striving to maintain a fully integrated network of services nationwide in a very competitive and challenging market. Services in the provincial cities recorded a drop in passenger numbers of approx 1.4% against 2010 levels while passenger numbers on other scheduled services reduced by 2.5%.

The reorganisation and restructuring of certain PSO services during 2010 continued to deliver savings in 2011. The company also achieved savings through its ongoing cost reduction programme. All cost savings were achieved while continuing to provide a comprehensive integrated transport network of services. In total, expenditure excluding fuel reduced by €8 million compared to 2010 levels, but increases in the price of fuel cost the company €3.5 million.

Bus Éireann is committed to ensuring that the company's operating cost base is reduced in line with reduced demand levels and reduced Exchequer funding. The company is continuing with its plans to further reduce expenditure during 2012 in what will continue to be a very challenging economic environment.

Staff numbers continued to reduce across all grades during 2011 with average staff numbers amounting to 2,605 compared to 2,704 in 2010, a reduction of 99. Payroll costs reduced by €6.4 million (4%) in 2011 and this means that payroll costs have been reduced by €15.2 million (10%) in total since 2009. These savings required the implementation of a range of challenging actions and were achieved with the co-operation of all staff across the company.

Bus Éireann has continued to invest in fleet, facilities, IT systems and plant and machinery to remain competitive and to maintain quality levels.

An Efficient and Safe Public Transport Service

The company has delivered significant cost savings over recent years in line with reduced demand and reduced availability of Exchequer funding. The 2009 Cost Recovery Programme was designed to deliver a restructured network of PSO services and all of the targets associated with this have been delivered. Bus Éireann has continued to focus on reducing the ongoing operating cost base and savings of €8 million were achieved during 2011. The focus has been on reducing costs while maintaining high standards of customer care. Safety remains the company's number one priority.

As the independent Deloitte report noted, Bus Éireann is an efficient and effective public transport operator compared to European standards operating on a low subvention compared to other similar operators in Europe.

During 2011, the company continued to implement further efficiency measures as recommended by the Deloitte report. This included utilisation of higher capacity vehicles, integration with Rural Transport Programme and HSE transport services, and involvement in the Real-Time Passenger Information (RTPI) Display project. All Key Performance Indicators have recorded improvements during 2011 and further improvements are targeted for 2012.

Cost efficiencies were also achieved in school transport services through network planning in fully developing services, amalgamating routes and the renegotiation of contractor rates. Bus Éireann has delivered some €25 million worth of cost saving measures in school transport since 2008. Efficiencies achieved in 2011 contributed significantly towards the requirements to deliver savings of €17 million in the School Transport Budget by 2014 under the National Recovery Plan 2011 to 2014.

Technology has also been used to reduce costs. The increase in on-line ticket sales and use of ticket vending machines led to a reduction in opening hours for ticket offices. The company is committed to developing and implementing technology and innovation in order to improve the customer experience by for example the introduction of WiFi on board its buses.

BUS ÉIREANN HAS ONGOING PROGRAMMES OF INNOVATIVE PROMOTIONS TO INFORM CUSTOMERS AND POTENTIAL CUSTOMERS OF THE GREAT VALUE SERVICE IT PROVIDES.

Focus on Communities & Customers

Bus Éireann provides essential bus services throughout the country, which benefit local communities, facilitate economic development and enhance the quality of life for many people living in rural or provincial areas. The improved customer information displays at shelters, stops and stations, and the bus shelter replacement programme have all enhanced the company's service quality levels.

Independent surveys show that Bus Éireann continues to have a high level of customer satisfaction.

The company also scored highly in terms of bus safety (93%); station staff (90%); friendliness of drivers (87%); and information provision (83%).

The Bus Éireann website – www.buseireann.ie – continued to be a very popular information and journey planning resource for the travelling public with the site receiving an average of 400,000 individual visits a month in 2011, which was a 5% increase on the year before and meant Bus Éireann's website remained one of the most visited Irish websites. Sales through the company's website grew by over 36% during the year. Bus Éireann now have over 13,000 followers on Facebook. The company is always looking at ways of improving technology and communication as new systems develop.

As well as information and ticket purchasing, the company's website also has a journey planning feature that enables customers travelling to different destinations across the country to see how they can make onward connections using Bus Éireann's integrated network.

The Taxsaver scheme has proved to be a huge success in 2011 with over 670 companies buying Bus Éireann Taxsaver tickets with revenue increasing by 26%. In 2011 the Taxsaver integrated online booking system was introduced for Bus Éireann, Iarnród Éireann and Bus Átha Cliath. Companies have welcomed the ease of use with the new online booking system.

Fleet Investment

88 new vehicles were delivered to the company in late 2011. The new vehicles are equipped with features like Wi-Fi, power sockets, and ISO-FIX attachments for child safety seat. The new vehicles will go into service during 2012. The investment of 88 new vehicles will provide customers with improved comfort and increase capacity and deliver internal efficiencies.

The new vehicles included:

- 60 NTA funded vehicles: 25 commuter coaches, 25 city buses and 10 double-deck buses.
- 28 Expressway vehicles including 8 double deck coaches feature significant advancements in safety, technology, design and customer experience.

School Transport

Bus Éireann worked very closely with the Department of Education & Skills in 2011 to ensure that school transport services provided under the School Transport Scheme to primary and post primary schools and children with special needs, continue to be delivered in a cost effective and efficient manner on behalf of the State.

In the region of 113,000 children holding tickets issued under the School Transport Scheme are transported twice daily on the dedicated Bus Éireann and contracted school transport fleet, and also on publicly owned and privately licensed scheduled local and national bus and rail services. This includes some 8,000 children with special needs who are provided with services tailored to meet individual requirements operating on a door-to-door basis.

Bus Éireann has delivered some €25 million worth of cost saving measures in school transport since 2008 despite well over 300 new services being added to the School Transport Scheme in that time, mainly for children with special needs.

In 2011, Bus Éireann introduced and developed an online application process for families seeking primary school transport. The application process is fast and more convenient for parents. Parents can now fill out an application form which goes directly to Bus Éireann to process.

The safety of schoolchildren travelling on board the school transport services is the company's highest priority and the promotion of school bus safety and communication of key safety messages received particular attention at local level. The Bus Éireann School Bus Safety Roadshow visited schools and participated in multi-agency events promoting safety around the country.

Bus Éireann continues to work closely with the Garda Central Vetting Unit to ensure that background checks are conducted on personnel involved in the provision of almost 4,000 school transport services under the School Transport Scheme, including Bus Éireann and contractors drivers.

As an important part of the company's safety protocols, Bus Éireann also employs the services of an independent expert group who are committed to providing professional vehicle and maintenance systems inspection services and provide advice and assistance that helps to ensure that the company's own fleet maintenance procedures, not only in school transport, are consistent with best industry practices.

This independent agency is also used to conduct spot checks on contractor's buses under the Scheme and Bus Éireann has increased the frequency of random inspections.

The quality and range of school transport services being provided under the Scheme continues to improve, with 155 new services introduced in 2011. Even so, the total number of contractors vehicles employed was reduced by 48 vehicles during 2011 through effective and careful network planning, which contributes significantly to cost efficiencies, while the number of Bus Éireann school buses did not increase.

There are now 404 wheelchair accessible vehicles providing school transport services every school day under the Scheme, an increase of 35 vehicles since 2010.

Accessibility

In 2011, Bus Éireann upgraded facilities at Busáras, Limerick, Ennis and Killarney with wheelchair accessible bus bays to facilitate the safe operation of the company's wheelchair accessible coaches. A total of 88 new vehicles, which are all fully accessible, were introduced to the fleet. Bus Éireann will continue to roll out accessible coach services with wheelchair lift facilities on a route by route basis, as soon as the full complement of accessible coaches are available. During 2011 the Disability User Group met on several occasions to discuss and review progress being made.

Bus Éireann is a member of the Public Transport Accessibility Committee (PTAC) and has an active accessibility user group whose members include IWA, DeafHear, NCBI, and the Disability Focus Group on the Dublin Community Forum. These groups have been proactive in the development of Bus Éireann's accessibility services.

Safety & Risk Management

The safety of customers and staff is Bus Éireann's main priority. The management continues to reinforce a safety culture throughout the organisation. As part of this, the company continued to invest in training for staff such as Driver Certificate of Professional Competence (CPC), safety management and technical training for maintenance staff in 2011. In line with policy, the company regularly reviews and updates its safety management systems. The Bus Éireann Safety Statement is reviewed, updated regularly and communicated to all staff.

CIE Tours International

CIE Tours International had a strong trading performance in 2011, continuing the growth in business that occurred in 2010. Revenues grew by 24.6% to €47.3 million or €9.3 million over 2010 levels, while passenger volume's increased by 2,500 passengers to just under 39,000 passengers. Strong growth occurred in all areas of the business, in particular, sales of coach tours that include both Ireland and Britain which increased by 50% over 2010 levels.

The main market that CIE Tours International competes in is the North American Market where 90% of revenues are generated. The reminder of the business comes from smaller markets including Spain, the Nordic Region and Australia / New Zealand.

During the winter and spring of 2010 / 2011, CIE Tours International carried out an extensive restructuring of its Dublin office which resulted in an overall reduction in staffing costs. In addition to this, new technology has been introduced which has brought efficiencies to the company's operations.

Bookings for the 2012 season are currently running ahead of 2011 levels and are on track to meet targets set, however, the economic stability in Europe and USA are still concerns for CIE Tours International. Any major economic disruption to the US stock markets can have an immediate impact on the company's bookings.

CIE Tours International will continue to invest in technology to improve operational activities and to enhance its sales and marketing functions. This investment will result in the company maintaining its position as the leading coach tour operator from the USA into Ireland.

Group Property

The Group Property department achieved sales of non operational property yielding €22.2 million and net rental income amounting to €12.2 million in 2011 compared to €13.3 in 2010. Under current economic conditions there is continuing downward pressure on rents.

The prospect for commercial property development is severely curtailed in the short term. Looking to the future, however, CIÉ is working with the planning agencies to identify and prepare appropriate development opportunities for future realisation. A decision is due in the first half of 2012 from Dublin City Council in respect of an application for a 10 year planning permission for lands at Connolly Station, and framework planning strategies are being prepared for lands at Sherriff Street and at Heuston Station.

Group Property also provides professional services to various infrastructural projects of Iarnród Éireann in particular Level Crossings, Kildare Route, Cork/Midleton and Pace/Dunboyne/Navan projects.

Commuter Advertising Network (CAN)

Advertising spend continues to decline and owners have seen significant reductions in the value of their advertising plant.

CIÉ's outdoor advertising business experienced a decline of 9% in expenditure for 2011, reflecting the exceptional economic circumstances. Advertisers have reacted prudently to falling domestic demand and fears driven by the international financial turmoil, by ceasing to spend and reducing their marketing budgets.

However, the opportunity arising from this situation is that outdoor advertising is now good value and more flexible in terms of its offerings to clients and despite the current climate Commuter Advertising Network (CAN) is continuing to develop new advertising plant and products.

Overview of Energy Usage by the Group in 2011

The Group energy consumption includes diesel oil for the running of the Bus Átha Cliath, Bus Éireann bus fleets, the Iarnród Éireann InterCity rail cars and the Diesel Multiple Units. Electricity for the running of the Iarnród Éireann DART service, automatic level crossings, train and bus stations, equipment rooms, workshops and general office requirements. Natural gas and heating oil are used for space heating of offices and workshops. The profile of use for 2010 / 2011 is listed in the table below.

Group energy consumption profile	MWhr 2011	MWhr 2010
Diesel oil for traction	1,060,574	1,081,700
Electricity for traction	25,000	26,700
Electricity for other	52,928	52,000
Gas	23,015	33,900
Heating oil	1,365	1,400

Actions Undertaken to Reduce Energy Costs

Savings have been made throughout the Group in energy costs during 2011 which include:

Iarnród Éireann

In 2011, Iarnród Éireann continued its work on several levels:

Diesel Fuel for Traction

- Initiated a test programme on a product to verify a process that claims to reduce fuel consumption in diesel reciprocating engines.
  - Measurement equipment has been purchased and fitted to 4 rail vehicles (Commuter DMU's).
  - This equipment was to be commissioned in early 2011, but unforeseen technical difficulties delayed it for 12 months. The system is now functioning and baseline measurements are being recorded.
  - The test will take place over a 7 month period.
  - Results will be assessed to inform decision on future action.
  - Potential saving of 25,000 MWh per annum.
- Automatic Shut-down / Re-start of Locomotive engines.
  - A proprietary system has been sourced and a contract agreement is being finalised.
- Auto Shut-down of Auxiliary engines in Commuter DMUs 2900 type.
  - Savings of 4,500 MWh per annum are being achieved.

Lighting in Car Parks

- A programme of replacing discharge lighting with Induction Fluorescent Lighting was undertaken in 22 car parks.
- These lights are automatically switched using occupancy sensors.
- Savings in excess of 250 MWh per annum are being achieved.

Gas Consumption

- Improved controls, both automatic and manual.
- Savings of 5,500 MWh per annum achieved in 2011.

Bus Éireann

Bus Éireann is committed to reducing its energy use and improving its energy efficiency and undertook the following during 2011:

- In May 2011, Bus Éireann joined the Sustainable Energy Authority of Ireland's Working Group on Financing Retrofit in the Public Sector, and thereafter Bus Éireann became a member of the Authority's Public Sector Energy Link.
- During 2011, Bus Éireann examined a number of energy efficiency improvement projects, and submissions on these were made to the SEAI under the Authorities' Better Energy Workplaces 2011 Scheme. Under the Scheme, Bus Éireann completed projects to the value of €296,000, for which a total of 35% was grant-aided. The projects were focused on depots in Dublin and Cork with the emphasis targeted on the energy efficiency upgrade of the buildings and in particular on improving insulation ratings.
- In line with recommendations in an SEAI Energy Saving Opportunities Survey, a substantial portion of the office, garage and yard lighting systems at these locations were upgraded to more energy-efficient equipment.

Bus Átha Cliath

In 2011, Bus Átha Cliath undertook a range of initiatives to improve energy performance, including:

- Rationalisation of the fleet through Network Direct, which resulted in the Bus Átha Cliath fleet covering 1.7 million kilometres less in 2011 representing a 2.7% reduction on the kilometres covered in 2010.

- Installation of energy efficient lights for maintenance facility workshops and parking yards.
- Replacement of fuel pumps with high efficiency motors.
- Installation of gas pulse meters and link to BMS system as part of ongoing monitoring of gas consumption in the maintenance facilities.
- Promotion of energy awareness among staff.
- Continuation of the energy monitoring at each premises.
- Participation in the SEAI public sector energy monitoring pilot programme.
- Idle speed modification on existing fleet to reduce fuel consumption.
- Eco-driving module training as part of the Certificate of Professional Competence (CPC) program for drivers.

Altogether, these and other measures are saving 15,703 MWh annually.

Actions Planned for 2012

Iarnród Éireann

In 2012, Iarnród Éireann intends to further improve its energy performance by undertaking the following initiatives:

Diesel Fuel for Traction

- Product to improve performance of diesel reciprocating engines:
  - Fuel additive test programme will be implemented and concluded.
  - Subject to satisfactory test results, the implementation programme will commence.
  - Potential saving of 25,000 MWh per annum.

- Auto Shut-down / Re-start for Locomotives:
  - Subject to contract, the implementation programme will commence in 2012.
  - Potential saving of 6,000 MWh per annum.

Lighting

- Implement new T8 tube in "Switch Start" fittings throughout the organisation:
  - Potential saving in a full year of 70 MWh.

Heating Control

- Implement Temperature Control programming of buildings:
  - Reduce need for additional "Plug-in heaters".
- Implement Temperature Control programming of "Plug-in heaters" where they are required:
  - Potential saving in a full year of 200 MWh.

Bus Éireann

During 2011, specifications were prepared, tenders sought and 88 new vehicles for City and Expressway services were purchased by Bus Éireann for entry into service at the beginning of 2012. These projects represent a total investment of €30 million in the company's vehicle fleet. These vehicles improve energy performance as follows:

- Telematic Fleet Management Systems are fitted to these vehicles and this equipment assists drivers in maximising the economic driving of each vehicle type.
- All the vehicles purchased have an automatic Engine Idling Cut-off facility. This ensures that after a period of time with the vehicle stationary, the engine is shut down which leads to fuel savings and emissions reductions.

Bus Átha Cliath

In 2012, Bus Átha Cliath intends to further improve energy performance by undertaking the following initiatives:

- Start trials of eco-driving for fleet using on board technology;
- Upgrade and replace water pumps with energy efficient motors;
- Trial alternative energy efficient lighting for workshop pits and offices;
- Purchase of new vehicles which will be fitted with Euro 5 standard engines; and

- Identify further energy saving opportunities through the local energy management teams.

Employment

The average number of people employed by the CIÉ Group at the end of 2011 was 10,398, a reduction of 557 on 2010 following similar reductions from 2009.

Staff Participation

The CIÉ Group's main asset is its staff. It is CIÉ Group policy to maximise this asset resource through a culture of participation and encouraging teamwork. All staff are encouraged to participate in the running of the CIÉ Group through active involvement in project teams, working parties and customer focused initiatives. There are four worker members on the CIÉ Board.

Equal Opportunities

The Group through its equality officers continue to enhance equality in the workplace for all groups covered by equality legislation. The range of Work Life Balance initiatives available to staff in the Group are kept under ongoing review. The Group participates with a variety of external organisations in developing its practices and procedures e.g. by being a member of the Diversity in the Workplace Working Group in IBEC.

Accessibility

There is active engagement with organisations for the mobility-impaired to establish priorities in the provision of accessibility to vehicles, offices and stations.

Payment Practices

CIÉ acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Regulations 2002. The payment policy throughout the Group in 2011 was to comply with the requirements of the regulation.

Procurement Policy

The CIÉ Group Procurement Policy is in place to ensure compliance with the EU Public Procurement and Utilities Directives, as well as Board and Government policies. Substantially all procurements over the qualifying thresholds were put to open tender and inserted in the EU Journal where appropriate.

Principal Risks

The CIÉ Group deals with the principal risks to the businesses in a number of ways including Health and Safety. A risk register is maintained by each of the companies and updated periodically with the various risks and the action plans for addressing these. Iarnród Éireann, on behalf of itself, Bus Átha Cliath and Bus Éireann, enters into commodity swap contracts for fuel. CIÉ undertakes currency forward purchasing where it deems there is value and reduced risk to the Group.

Bus Átha Cliath provide shuttle services for many high profile events such as the visit of president Obama.

Group Structure

Córas Iompair Éireann is the national statutory authority providing land public transport within the Republic of Ireland. It is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport.

The Group holding company is organised into four subsidiary operating companies, two business units and ancillary service providers. Between them they provide services for:

- Rail passenger travel
- Rail freight haulage
- City, inter-city, rural and school bus travel
- Harbour management
- Event/holiday tours
- Ancillary services:

  Project management; Property; Legal; Insurance/ Liability management; IT and Telecom services.

Strategic direction, control and overall co-ordination is provided by the holding company whilst each subsidiary and business unit has a high degree of operating autonomy.

Córas Iompair Éireann

- CIE Tours International Inc.
- Commuter Advertising Network (CAN)
- CIÉ Group Property
- Insurance/Liability Management
- Information Technology
- Legal Services

Iarnród Éireann

- InterCity
- Suburban
- Long Distance Commuter
- Rail Freight
- Rosslare Harbour

Bus Éireann

- Expressway
- Rural Services
- Provincial City Services
- School Bus Services
- Private Hire

Bus Átha Cliath

- City Services
- Xpresso
- Nitelink
- Airlink
- City Tours
- Private Hire

Members of the Board and Group Management

Members of the Board

The names of the persons who were Board members at any time during the year ended 31st December 2011, or who have since been appointed are set out here. Except where indicated they served as Board members for the whole year.

Vivienne Jupp	Non Executive Chairman (Appointed 29th June 2011)
John J. Lynch	Executive Chairman (Reappointed 29th March 2011 and retired 28th June 2011)
Kevin Bonner	(Appointed 29th June 2011)
Mick Cullen ●	(Retired 4th October 2012)
P. J. Drudy	(Appointed 24th July 2012)
Phil Gaffney	(Appointed 29th June 2011)
Helen Keelan	(Appointed 11th October 2011)
Paul Kiely	(Retired 28th April 2011)
Dermot Killen	(Retired 18th May 2012)
Graham Lightfoot	(Retired 28th April 2011)
Paul Mallee	(Appointed 29th June 2011)
Bill McCamley ●	
Willie McDermott ●	
Aebhric McGibney	(Appointed 11th October 2011)
Frances Meenan	(Appointed 24th July 2012)
John Moloney ●	
Neil Ormond	(Retired 28th April 2011)
Yvonne Scannell	(Retired 28th April 2011)
Seamus Sheerin	(Retired 28th April 2011)

● Worker member

1 vacancy

Secretary of the Board

Geraldine Finucane,
Heuston Station,
Dublin 8.
Telephone: + 353 1 703 2008
Facsimile: + 353 1 703 2276

Board Committees

Audit Committee

Helen Keelan	Chairman (Appointed 3rd November 2011)
Paul Kiely	Chairman (Retired 28th April 2011)
P. J. Drudy	(Appointed 4th October 2012)
Phil Gaffney	(Appointed 5th April 2012)
Dermot Killen	(Retired 18th May 2012)
Graham Lightfoot	(Retired 28th April 2011)
Neil Ormond	(Retired 28th April 2011)

1 vacancy

Finance Committee

Paul Kiely	Chairman (Retired 28th April 2011)
Aebhric McGibney	Chairman (Appointed 2nd February 2012)
Kevin Bonner	(Appointed 5th April 2012)
Dermot Killen	(Retired 18th May 2012)
Paul Mallee	(Appointed 1st September 2011)
Frances Meenan	(Appointed 4th October 2012)
Neil Ormond	(Retired 28th April 2011)
Seamus Sheerin	(Retired 28th April 2011)

Remuneration Committee

Paul Kiely	Chairman (Retired 28th April 2011)
Phil Gaffney	(Appointed 5th April 2012)
Vivienne Jupp	(Appointed 1st September 2011)
John J. Lynch	(Retired 28th June 2011)
Seamus Sheerin	(Retired 28th April 2011)

1 vacancy

Members of the Board and Group Management (continued)

Property Committee

Neil Ormond	Chairman (Retired 28th April 2011)
Graham Lightfoot	(Retired 28th April 2011)
Yvonne Scannell	(Retired 28th April 2011)

This Committee was stood down on 4th October 2012 and its responsibilities transferred to the CIÉ Board Finance Committee.

Safety Committee

Phil Gaffney	(Appointed 1st September 2011)
Dermot Killen	(Retired 18th May 2012)
Graham Lightfoot	(Retired 28th April 2011)
Frances Meenan	(Appointed 4th October 2012)
2 vacancies	

Group Management

David Griffin	Group Chief Financial Officer
Paddy Doherty	Chief Executive, Bus Átha Cliath
Dick Fearn	Chief Executive, Iarnród Éireann
Martin Nolan	Chief Executive, Bus Éireann
Brian Stack	Managing Director, CIE Tours International

Auditors

PricewaterhouseCoopers,
Chartered Accountants and Registered Auditors,
One Spencer Dock,
North Wall Quay,
Dublin 1.

Principal Banker

Bank of Ireland,
College Green,
Dublin 2.

Solicitor

Colm Costello,
Bridgewater House,
Islandbridge,
Dublin 8.

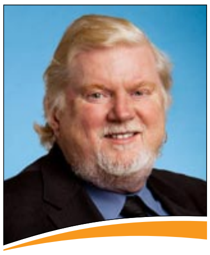
About the Board of Córas Iompair Éireann

Vivienne Jupp Non Executive Chairman

Vivienne Jupp was appointed as Non Executive Chairman of CIÉ in June 2011. She is a management consultant and formerly a Global Managing Director in Accenture. Vivienne has had a number of Government appointments including Chairman of the Information Society Commission and Member of the Broadcasting Commission of Ireland. Vivienne was also a member of the Review Body on Higher Remuneration in the Public Sector and a Board Member of the Irish Hospice Foundation. Vivienne graduated from University College Dublin (UCD) with BComm and MBS degrees. In 2000 she received the Outstanding Alumnus Award from the Michael Smurfit Graduate School of Business, UCD.

John Lynch Executive Chairman

John Lynch was first appointed as Chairman of CIÉ and its subsidiary companies in March 2000. Prior to his appointment to the CIÉ Group of companies he was Chairman and Director General of FÁS. Previously he was Chief Executive of Bord Gáis and the Irish Productivity Centre. He has also been a director of a number of private companies. John qualified as an engineer at Dublin Institute of Technology. He is also a graduate of University College Dublin receiving a BComm in 1971 and an MBA in 1974. In addition, he earned a doctorate from Trinity College Dublin. Mr Lynch retired from the Board in June 2011.



Kevin Bonner

Kevin Bonner was appointed to the Board of CIÉ and as Chairman of Bus Átha Cliath in June 2011. He is a former Secretary General of the Department of Enterprise and Employment and has been chairman or director of a number of public and private sector bodies/companies e.g. Marine Institute, Ordnance Survey Ireland and Waterford Stanley. He is a graduate of University College Dublin (BA) and Trinity College Dublin (MScEcon).

Mick Cullen

Mick Cullen was appointed to the CIÉ Board in December 2009 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Mick joined Iarnród Éireann in 1972 and works in Wexford as a Signalman. He is a member of SIPTU and represents rail workers. Mick retired from the Board in October 2012.

Prof P. J. Drudy

Emeritus Professor of Economics, Trinity College Dublin. Prof. Drudy is a former Senior Dean and Bursar of the College. He has served on numerous committees and bodies concerned with educational, financial, planning and development matters. These include the Regional Studies Association (Treasurer), Irish branch of the Regional Studies Association (Chairman), the Management Committee of Regional Studies, Journal of the Regional Studies Association (Chairman), the European Economics Association, Dublin Docklands Development Authority, the board of Trinity College and numerous other committees and has acted as a consultant and adviser to a variety of public and voluntary bodies. These include the European Commission, the British Department of the Environment, Bord Iascaigh Mhara, Dublin Chamber of Commerce, South Dublin Chamber of Commerce and Dublin Regional Authority. Professor Drudy has published many books and papers on the Irish economy, urban and regional development and housing. Professor Drudy was appointed to the Board of CIÉ in July 2012.

Phil Gaffney

Phil Gaffney was appointed to the Board of CIÉ and as Chairman of Iarnród Éireann in June 2011 having previously served as a director in Iarnród Éireann since 2006. He is a railway signalling engineer by profession. Before retiring in December 2005, he had spent 28 years with Hong Kong MTR. During that time his positions included Chief Engineer, Operations Director and Managing Director. He is also a member of the board of London's Crossrail and of the Crossrail Health and Safety Committee.

Helen Keelan

Helen Keelan has 25 years of business experience gained in senior finance and strategic management positions in Ericsson, Omnitron and Intel. Helen currently holds non-Executive directorships on a number of boards and is a consultant advising companies on strategy and governance. Helen is a business advisor on the Stanford University Executive Training Program, "Strategic Leadership for CFOs", which is promoted by Enterprise Ireland. She was previously a board member of Science Foundation Ireland and the Digital Hub Development Agency.

Helen is a graduate of University College Dublin, with a B.Comm.(Hons), and is a post-graduate of Trinity College Dublin, with an M.Sc. (Management). She qualified as a Chartered Accountant while working with KPMG and is a Fellow of the Institute of Chartered Accountants in Ireland. In 2009, Helen was awarded Chartered Director by the Institute of Directors, London.

Paul Kiely

Paul Kiely studied Cost and Management Accountancy in the College of Commerce in Rathmines before joining the Central Remedial Clinic (CRC) in January 1977. He was appointed Chief Executive of the CRC in January 1988, a position he still holds today. Paul also served as a director of Great Southern Hotels from 1988 to 1995 and has been involved, at director level, with numerous companies in the healthcare/disability sector. Paul retired from the Board in April 2011.

Dermot Killen

Dermot Killen is a business advisor. He is a partner in McGuinness Killen Partnership Ltd. In addition, he lectures in Human Resource Management at undergraduate and postgraduate levels in NCI and in Human Resource Management and Operations Management at undergraduate level in IT Carlow. Previously, he worked as HR Director in the Smurfit Group in Ireland and in the UK. Dermot has experience in policy and strategy development in business terms across the full range of HR and IR issues. Dermot is an engineering graduate of Trinity College, Dublin. In addition, he has a Masters in Organisation Behaviour (TCD), a further Masters in Business Research (Durham, UK) and is a Fellow of the Chartered Institute of Personnel and Development. Dermot joined the CIÉ Board in May 2009 and retired in May 2012.

Graham Lightfoot

Graham Lightfoot joined the CIÉ Board in April 2008. He is a sustainable transport consultant and is Managing Director of Mendes Ltd. and of GoCar CarSharing Ltd. He has experience of working with community based and public passenger schemes in Ireland, Britain and Australia. He has also been involved in local community development projects. Graham is a Chartered Member of the Chartered Institute of Logistics and Transport Ireland and has a BSc in Transport Management and Planning. Graham retired from the Board in April 2011.

Paul Mallee

Paul Mallee was appointed as Chairman of Bus Éireann and to the Board of CIÉ on 29th June 2011. He is a management consultant specialising in the transport sector, working internationally. Previously, he was a senior corporate strategy executive with Etihad Airways. Paul also worked for several years in the transport practice of the global strategy consultancy Booz & Company. He is a Fellow and the immediate past President of the Chartered Institute of Logistics and Transport (CILT) Ireland. He is a graduate of University College Dublin and UCD Michael Smurfit Graduate Business School. Paul holds a Masters Degree in Strategic Management and Planning, a Bachelor of Commerce Degree and a Certificate of Professional Competence in Road Transport Operations Management.

Bill McCamley

Bill McCamley was first appointed to the CIÉ Board in December 1997 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Bill joined Bus Átha Cliath in 1974 and works in Phibsboro Garage as a bus driver. He is a member of SIPTU and has represented bus workers at local and branch level over many years.

Willie McDermott

Willie McDermott was appointed to the CIÉ Board in December 2009 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Willie joined Bus Átha Cliath in 1978 and works in Phibsboro Garage as a bus driver. He is a member of the NBRU and represents bus workers.

Aebhric McGibney

Aebhric McGibney was appointed to the Board of CIÉ in October 2011. He is the Policy and Communications Director with the Dublin Chamber of Commerce with responsibility for Government and international affairs, public relations and member communications. Previously he worked as a lecturer, economic consultant and as Senior Economist with IBEC. Aebhric holds an M.Litt. (Economics) from Trinity College Dublin and was awarded the Dean's List Award from University College Dublin for his MBA in 2001.

Frances Meenan

Frances Meenan is a practicing barrister whose main area of practice includes all matters in relation to employment and industrial relations law at all levels, that is, before all the employment fora and the courts. She has experience of attending at conciliation conferences at the Labour Relations Commission in relation to the resolution of trade disputes. Frances is a CEDR accredited mediator and, more recently, has been involved in a number of commercial mediations. In addition, she is a member of the Institute of Arbitrators and has also provided advice to the European Commission in relation to matters of discrimination law. Frances was appointed to the Board of CIÉ in July 2012.

John Moloney

John Moloney was appointed to the CIÉ Board in December 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. John joined Bus Éireann in 1978 and works in Capwell Garage in Cork as a bus driver. He is a member of the NBRU.

Neil Ormond

Neil Ormond is an employer nominated member of the Employment Appeals Tribunal. He was formerly a director in Irish Biscuits Ltd. and in Trent Yeast Ltd. (UK). He was also head of production in the Bovril Group (UK). Neil joined the CIÉ Board in March 2005 and retired in April 2011.

Yvonne Scannell

Yvonne Scannell was first appointed to the CIÉ Board in March 2005. She is a professor in Trinity College Dublin where she lectures on Environmental, Planning and Land Use Law and on Regulatory Law. Yvonne practices as a consultant in Environmental, Planning and Climate Change Law with Arthur Cox, Solicitors. She has been consistently nominated as one of Ireland's leading environmental lawyers and is the author of six books on the subject. Yvonne has extensive corporate experience having served on several boards including Tara Mines, Coillte, EBS, and the Irish National Petroleum Corporation. She is a member of the European Council on Environmental Law and of the International Council on Environmental Law. Yvonne retired in April 2011.

Seamus Sheerin

Seamus Sheerin was appointed to the CIÉ Board in April 2008. He is Managing Director of Capital Securities Corporation, a midlands based private equity firm. Established with fellow colleagues in 2005, Capital Securities pursues a sectoral and economic strategy with interests in retail food and healthcare in Germany, together with indigenous interests within the service sectors in Ireland and the UK. Seamus is a graduate of the Institute of Bankers with qualifications in accounting, economics, law, and marketing and holds an M.B.A. from Henley Business School at the University of Reading in the U.K. Seamus retired in April 2011.

Corporate Governance Statement

The Code of Practice for the Governance of State Bodies sets out principles of corporate governance which State Bodies are required to adopt. Córas Iompair Éireann supports the principles and provisions of the Code of Practice.

The Board

The Board is comprised of twelve members appointed by the Government. Included in the twelve are four worker members who are appointed by the Government for a four year term following elections by the staff of the Group.

The Board meets monthly and on other occasions as necessary. It has a formal schedule of matters specifically reserved for its review including the approval of the annual financial statements, budgets, the corporate plan, significant acquisitions and disposals, investments, significant capital expenditure, senior management appointments and major Group policies. The Group has a comprehensive process for reporting management information to the Board, on a monthly basis.

All Board members have access to the advice and services of the Group Secretary.

Board Committees

Committees are established to assist the Board in the discharge of its responsibilities. The committees comprise of an Audit Committee (see below), a Finance Committee (see below), a Property Committee, a Safety Committee and a Remuneration Committee. Their members are listed on pages 21 and 22.

Audit Committee

The Audit Committee has written terms of reference and is composed of up to four non-executive Board members. The process by which the committee operates includes meeting periodically with the Group's senior management, the external auditors and the Head of Internal Audit to review the Group's internal controls, the internal and external audit plans and subsequent findings, the selection of accounting policies, the statutory audit report, financial reporting including the annual audited accounts and other related matters.

The Audit Committee is also charged with the responsibility of reviewing the independence and objectivity of the external auditors and reviewing the nature and extent of non-audit work carried out by them to ensure a proper balance between objectivity and cost effectiveness. The external auditors and the Head of Internal Audit have full and unrestricted access to the Audit Committee. The external auditors attend meetings of the Audit Committee and annually meet with the committee without management present to ensure that there are no outstanding issues of concern.

Finance Committee

The Finance Committee is composed of four Board members and has written terms of reference. The process by which the committee operates includes meeting with the Chief Financial Officer and senior management from the subsidiary companies every month to review the funding of the Group's capital programme, the prioritisation of the subsidiary companies' capital expenditure proposals, annual operating and capital budgets and the Group's treasury, procurement and disposal policies. The committee also reviews the Group's insurance and finance strategies. It is also charged with ensuring that the Group's management information systems enable the effective implementation of the Board's finance strategies.

Internal Financial Controls

The Board has overall responsibility for the Group's systems of internal financial control. These systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's overall control systems include:

- A clearly defined organisational structure with written authority limits, appropriate segregation of duties and reporting mechanisms to higher levels of management, the boards of the subsidiary companies, Board Committees and to the Board. Detailed policies on key areas of financial risk including treasury risk are maintained.
- A comprehensive budgeting and planning system whereby actual performance is compared to the pre-approved budget at the end of each financial period and any significant trends or variances are investigated. These reports are circulated to the Board on a monthly basis for review.

- The establishment of clear guidelines for the approval and control of capital expenditure. These include the preparation of annual capital budgets that are approved by the Board in consultation with the Department of Transport, Tourism and Sport, and detailed feasibility studies and appraisals of individually significant capital projects prior to approval by the appropriate level of authority (including the Department of Transport, Tourism and Sport for larger projects). For major capital projects, regular progress reports to management and the relevant subsidiary board are prepared and all significant capital projects require the completion of a formal close-out paper.
- Within Iarnród Éireann, the Infrastructure Advisory Group, which is composed of both Iarnród Éireann directors and senior management, reviews on a monthly basis project proposals, tendering and evaluation processes adopted and progress of major capital projects against project timetables and budgets.

Internal controls are reviewed systematically by Group Internal Audit, which has a group wide role. In these reviews, internal audit place emphasis on areas of greater risk as identified by their risk analysis framework. The role and responsibilities of the internal audit department are defined by a Board approved charter. The Group internal auditor formally reports to the Audit Committee.

The Board through the Audit Committee has reviewed the effectiveness of the systems of internal financial control by:

- A review of the programme of internal audit (prepared following their audit risk assessment process) and consideration of their major findings.
- A consideration of the major findings of any internal investigations.
- A review of the report of the external auditor, which contains details of any material control issues identified as a result of their audit of the financial statements.

An Enterprise Wide Risk Management (EWRM) process is in place to address the implications of major business risks including financial, operational, strategic, hazard and compliance risks. This process would provide the assurance that material risks will be identified and appropriate actions undertaken. Documented risk registers are in place.

Board Members' Remuneration

The remuneration of Board members in relation to their duties as Board members is determined by the Minister for Transport, Tourism and Sport. They do not receive pensions for their duties as Board members.

Board members appointed under the Worker Participation (State Enterprises) Act, 1977 are also remunerated in accordance with their contracts of employment.

Going Concern

The Board members are satisfied that while a number of uncertainties exist, that the Group will have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for the preparation of the accounts. Note 1 "Going Concern" addresses those uncertainties and summarises the Board members conclusions in relation to going concern.

Attendance at Board/Committee Meetings

Listed below is Board members' attendance at Board/Committee meetings held during 2011.

Board Member	CIE Board	Finance Committee	Audit Committee	Property Committee	Remuneration Committee	Safety Committee
John Lynch	5/5				2/2	
Vivienne Jupp	4/4					
Kevin Bonner	4/4					
Mick Cullen	8/9					
Phil Gaffney	3/4					1/1
Helen Keelan	0/2		2/2			
Paul Kiely	3/3	4/4	1/1		2/2	
Dermot Killen	8/9	6/6	3/3			2/2
Graham Lightfoot	3/3		1/1	2/2		1/1
Paul Mallee	4/4	2/2				
Bill McCamley	8/9					
Willie McDermott	9/9					
Aebhric McGibney	2/2					
John Moloney	8/9					
Niel Ormond	3/3	4/4	1/1	2/2		
Yvonne Scannell	2/3			0/2		
Seamus Sheerin	3/3	1/4			2/2	

On behalf of the Board

Vivienne Jupp Chairman
Helen Keelan Board Member

1st November, 2012

Statement of the Board's Responsibilities

The Transport Act, 1950 and subsequent amendments determine the responsibilities of the members of the Board of Córas Iompair Éireann. This legislation requires the members of the Board to ensure that financial statements are prepared for each financial year that, in accordance with applicable Irish law and accounting standards, give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that period.

In preparing those financial statements, the members of the Board are required to ensure that:

- suitable accounting policies are selected and consistently applied;
- any judgements or estimates made are reasonable and prudent; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The members of the Board are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Transport Act, 1950 and all regulations to be construed as one with the Act.

They are also responsible for taking steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The measures taken by the Board to secure compliance with its obligations to keep proper books of account are, the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept in Heuston Station, Dublin 8.

The responsibilities of the directors of the subsidiaries of the Group are determined by the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986 and applicable company law.

Iarnród Éireann's delivery of a further 57 InterCity railcars (19x3 car units) commenced in May 2011. These will be used to improve speed and quality for longer distance commuters.

Independent Auditor's Report to the Minister for Transport, Tourism and Sport

As auditors appointed by Coras Iompair Eireann under Section 34 (2) of the Transport Act, 1950, with your consent, we have audited the Group and parent company financial statements (the "financial statements") of CIÉ for the year ended 31st December 2011 which comprise of the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Reserves, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 34 to 36.

Respective Responsibilities of the Members of the Board and the Auditors

The responsibilities of the Board for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Board's Responsibilities on page 30.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Minister for Transport Tourism and Sport in accordance with Section 34 (2) (a) of the Transport Act, 1950 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs, results and cashflows of the Group in accordance with Generally Accepted Accounting Practice in Ireland. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Córas Iompair Éireann balance sheet is in agreement with the books of account. We also report to you our opinion as to whether Córas Iompair Éireann has kept proper books of account.

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

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 Corporate Governance Statement on pages 27 to 29 reflects the Group's compliance with the paragraph 13.1 (iii) of the Code and is consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We are not required to consider whether the Board's statements on internal financial control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and the parent company's affairs as at 31st December 2011 and of the Group's loss and cash flows for the year then ended; and

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

Emphasis of Matter Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern.

The Group incurred a net loss of €6.1 million during the year ended 31st December 2011 and, at that date the Group had net liabilities of €22.1 million. The Group has net current liabilities of €394.1 million at 31st December 2011 of which €77.8 million relates to bank borrowings.

As set out in note 1 of the financial statements management's current projections show that the Group will incur further deficits in the period 2012, 2013 and 2014 with a return to profitability expected in 2015 and 2016. The resultant cash deficits will result in a requirement for additional borrowings and Government funding. Note 1 indicates that the company is in discussions with its bankers in relation to the renewal of its existing bank facilities which are due for renewal at dates between January 2013 and October 2013, and are also in discussions with the Department of Transport, Tourism and Sport, the National Transport Authority, and the Group's bankers' in respect of the additional funding which will be required. Those discussions have not been concluded at the date of approval of these financial statements.

These conditions, along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Group and the company were unable to continue as a "going concern."

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

1st November 2012

Principal Accounting Policies

The significant accounting policies and estimation techniques adopted by the Group are as follows:

(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Transport Act, 1950 and the Companies Acts, 1963 to 2012. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

The financial statements have been prepared under the historical cost convention.

(B) BASIS OF CONSOLIDATION

The Group financial statements are a consolidation of the financial statements of Córas Iompair Éireann and its subsidiaries:

Iarnród Éireann - Irish Rail

Bus Éireann - Irish Bus

Bus Átha Cliath - Dublin Bus

CIE Tours International Incorporated is treated as a branch of Córas Iompair Éireann for accounting purposes.

(C) REVENUE

Revenue comprises the gross value of services provided.

(D) TANGIBLE ASSETS AND DEPRECIATION

The bases of calculation of depreciation are as follows:

(i) Railway lines and works

Railway lines and works comprise a network of systems. Expenditure on the existing network, which maintains the operating capability in accordance with defined standards of service, is treated as an addition to tangible fixed assets and included at cost after deducting grants.

The depreciation charge for existing railway lines and works is the estimated level of annual expenditure required to maintain the operating capability of the network which is based on the Iarnród Éireann – Irish Rail asset management plan.

Expenditure on the network, which increases its capacity or enhances its operating capability, is treated as an addition to tangible fixed assets at cost and depreciated over its useful life.

(ii) Railway rolling stock

Locomotives (other than those fully depreciated or acquired at no cost) are depreciated, by equal annual instalments, on the basis of their historical costs spread over their expected useful lives.

Railcars, coaching stock and wagons are also depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

(iii) Road passenger vehicles

The historical costs of road passenger vehicles other than school buses are depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives. The historical costs of school buses are depreciated in equal annual instalments over their expected useful lives.

(iv) Road freight vehicles

These assets are depreciated on the basis of historical costs spread over their expected useful lives using the sum of the digits method.

(v) Docks, harbours and wharves; plant and machinery; catering services equipment

The above classes of assets are depreciated, by equal annual instalments, on the basis of historical costs spread over their expected useful lives.

(vi) Land and buildings

Buildings are depreciated, by equal annual instalments, on the basis of historical costs spread over a fifty-year life. The book value of land and buildings that are available for sale and likely to be disposed of in the next twelve months is included in current assets as appropriate.

(E) LEASED ASSETS

(i) Finance leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital costs of such assets are included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital elements of the outstanding lease obligations are included in creditors. Finance charges are charged to the consolidated profit and loss account over the primary period of the lease.

(ii) Operating leases

Rental payments under operating leases are charged to the consolidated profit and loss account as they accrue.

(F) STOCKS

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value.

Stocks that are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks that may become obsolete in the future.

(G) EUROPEAN UNION AND PUBLIC SERVICE OBLIGATIONS AND OTHER EXCHEQUER GRANTS

(i) Grants for existing railway lines and works

Grants received for existing railway lines and works are deducted from the costs of the related assets.

This policy is not in accordance with the Companies (Amendment) Act, 1986 which requires tangible fixed assets to be shown at cost and hence grants and contributions as deferred income. This departure from the requirements of the Companies (Amendment) Act, 1986 is in the opinion of the Board, necessary for the financial statements to show a true and fair view as these railway lines and works do not have determinable lives and therefore no basis exists on which to recognise grants and contributions and deferred income.

(ii) Grants for other capital expenditure

Grants for other capital expenditure are credited to deferred income as they become receivable. They are amortised to the consolidated profit and loss account on the same basis as the related assets are depreciated.

(iii) Revenue grants

Revenue grants are taken to the consolidated profit and loss account in the year in which they become receivable.

(iV) Safety investment grants

Safety investment grants are amortised to the consolidated profit and loss account by reference to the Safety Investment Programme.

(H) FOREIGN CURRENCY

Transactions denominated in foreign currency are translated into euro at the rate ruling at the date of the transaction, or at contract rates where the amounts payable or receivable are covered by forward contracts.

Realised exchange gains or losses on transactions settled during the year are treated as part of the surplus or deficit for the year from ordinary activities.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date or at contract rates where applicable.

Long-term foreign currency borrowings, including that portion payable within one year of the balance sheet date, are translated at the rates of exchange ruling at the balance sheet date (closing rates) with the resulting gains or losses included in the consolidated profit and loss account.

(I) PENSIONS

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability. The pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income.

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

(J) RAILWAY INFRASTRUCTURE COSTS

In accordance with EU Council Directive 91/440 Iarnród Éireann - Irish Rail is required to ensure that the accounts for the business of transport services and those for the business of management of the railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70.

Consolidated Profit and Loss Account

Year ended 31st December		*Notes*	**2011 €000**	2010 €000
Revenue		*2*	**707,860**	711,328
Costs				
Payroll and related costs		*4*	**(542,397)**	(563,150)
Materials and services		*5*	**(405,267)**	(381,111)
Depreciation		*6*	**(56,523)**	(57,890)
Exceptional operating costs		*7*	**(1,728)**	(31,067)
Total operating costs			**(1,005,915)**	(1,033,218)
Deficit before profit on disposal of tangible assets, interest and Public Service Obligations/grants			**(298,055)**	(321,890)
Profit on disposal of tangible assets		*8*	**22,301**	682
Deficit before interest and Public Service Obligations/grants			**(275,754)**	(321,208)
Interest receivable			**1,054**	648
Interest payable	- Operational	*9*	**(2,020)**	(1,722)
	- Railway infrastructure	*9*	**(1,139)**	(951)
Other finance cost		*23*	**(8,000)**	(18,600)
Deficit for the year before Public Service Obligations/grants			**(285,859)**	(341,833)
Public Service Obligations and other Exchequer grants		*10*	**279,716**	288,236
Deficit for the year			**(6,143)**	(53,597)

Movements in reserves are shown in Note 21 to the financial statements.
All figures relate to the continuing activities of the Group.

On behalf of the Board
Vivienne Jupp Chairman
Helen Keelan Board Member

Statement of Total Recognised Gains and Losses

Year ended 31st December	*Notes*	**2011** **€000**	2010 €000
Deficit for the year		**(6,143)**	(53,597)
Actuarial gain in respect of pension schemes	*23*	**184,400**	199,400
Total recognised gain relating to the year		**178,257**	145,803

Consolidated Balance Sheet

As at 31st December	Notes	2011 €000	2010 €000
Fixed assets			
Tangible assets	*12*	**2,908,443**	2,919,366
Financial assets	*13*	**20**	20
		2,908,463	2,919,386
Current assets			
Stocks	*14*	**58,671**	48,066
Debtors	*15*	**51,868**	54,870
Cash at bank and in hand		**3,577**	14,565
		114,116	117,501
Creditors (amounts falling due within one year)	*16*	**(508,210)**	(479,248)
Net current liabilities		**(394,094)**	(361,747)
Total assets less current liabilities		**2,514,369**	2,557,639
Creditors (amounts falling due after more than one year)	*17*	**(11,917)**	(16,165)
Provisions for liabilities and charges	*19*	**(177,776)**	(182,458)
Retirement benefits obligation	*23*	**(159,200)**	(348,700)
Deferred income	*20*	**(2,187,553)**	(2,210,650)
		(22,077)	(200,334)
Financed by:			
Reserves			
Capital reserve		**28,556**	28,556
Profit and loss account	*21*	**(63,144)**	(241,401)
Non-repayable State advances		**12,511**	12,511
	21	**(22,077)**	(200,334)

On behalf of the Board
Vivienne Jupp Chairman
Helen Keelan Board Member

Company Balance Sheet

As at 31st December	*Notes*	**2011 €000**	2010 €000
Fixed assets			
Tangible assets	*12*	**800,986**	889,602
Financial assets	*13*	**309,608**	275,474
		1,110,594	1,165,076
Current assets			
Debtors	*15*	**8,518**	9,715
Cash at bank and in hand		**2,112**	13,970
		10,630	23,685
Creditors (amounts falling due within one year)	*16*	**(256,895)**	(257,088)
Net current liabilities		**(246,265)**	(233,403)
Total assets less current liabilities		**864,329**	931,673
Creditors (amounts falling due after more than one year)	*17*	**(11,917)**	(16,165)
Deferred income	*20*	**(566,734)**	(658,141)
		285,678	257,367
Financed by:			
Reserves			
Capital reserve		**28,556**	28,556
Profit and loss account	*21*	**244,611**	216,300
Non-repayable State advances		**12,511**	12,511
	21	**285,678**	257,367

On behalf of the Board
Vivienne Jupp Chairman
Helen Keelan Board Member

Consolidated Cash Flow Statement

As at 31st December	Notes	**2011 €000**	2010 €000
Net cash (outflow)/inflow from operating activities	*22(A)*	**(23,614)**	73,447
Return on investments, servicing of finance and other finance income	*22(B)*	**(2,105)**	(2,025)
Capital expenditure and financial investment	*22(B)*	**(31,404)**	29,861
Cash (outflow)/inflow before use of liquid resources and financing		**(57,123)**	101,283
Financing - Increase/(decrease) in debt	*22(B)*	**51,516**	(87,303)
(Decrease)/increase in cash in the year		**(5,607)**	13,980

Reconciliation of net cash flow to movement in net debt *(note 22c)*

(Decrease)/increase in cash in the year	**(5,607)**	13,980
Cash movement from (increase)/decrease in debt and lease financing	**(51,516)**	87,303
Change in net debt resulting from cash flows	**(57,123)**	101,283
Movement in net debt in the year	**(57,123)**	101,283
Net debt at 1st January	**(17,102)**	(118,385)
Net debt at 31st December	**(74,225)**	(17,102)

Notes to the Financial Statements

1. Going Concern - Material Uncertainty

The financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future.

The Group continues to operate in a very challenging environment. The continued deterioration of the Irish economy has adversely affected the Group's financial performance and poses challenges for the future. Passenger journeys have decreased and overall reductions in Government Public Expenditure have caused consequent reductions in the level of State funding to CIÉ.

The Group exceeded its available borrowing facilities during 2012, and the excess to date has been met by advance payments of the Public Service Obligation (PSO). Without mitigating measures, it is expected that the Group will again exceed its existing borrowing facilities in 2013. Coupled with this, the existing group bank borrowing facilities (of €107 million) are due to expire on various dates between January and October 2013. At 31 December 2011 the Group had bank and leasing debt outstanding of €77.8m. The maximum debt facilities currently available to the Group amount to €121m (including leasing facilities of €14m).

The Department of Transport, Tourism and Sport has committed additional funding to the Group to fund ongoing activities of the Group to 31 December 2012. The format and extent of this funding has not yet been finalised. The Minister for Transport, Tourism and Sport has provided a letter of support to the Group dated 30th August 2012. The letter states the Department "continues to monitor the financial position of CIÉ and is engaging with the company in relation to measures necessary to safeguard CIÉ's financial sustainability." Whilst the letter states that nothing contained in the letter can be construed as a guarantee of the obligations or liabilities of CIÉ, it also states that "it remains Government policy that the business of CIÉ is at all times in a position to meet its liabilities. The State is CIÉ's sole shareholder and I can confirm that the State will continue to exercise its shareholder rights with a view to ensuring that CIÉ manages its operations in a manner that will enable it to meet all its obligations in a timely manner. Any action to be considered by the State however would have to be in compliance with EU law, including State Aid rules which may require Commission notification and approval."

Management's current projections indicate that the Group will incur further deficits in the period 2012, 2013 and 2014, with a return to profitability expected in 2015 and 2016. The resultant cash deficits will result in a requirement for renewed facilities, other funding and measures including cost reduction and the realisation of assets.

These circumstances give rise to uncertainty for the business and cast doubt on the Group's ability to continue to trade as a going concern in its current form.

Following a comprehensive review of the Group's business plan, the underlying assumptions for the period 2011 to 2016 and its budget for the year 2012, and having considered the output of recent discussions which have taken place by Group management with the Department of Transport, Tourism and Sport, the Board Members have a reasonable expectation that planned actions, together with renewed facilities and other funding, the additional funding committed by the Department of Transport, Tourism and Sport, the additional revenue generated by fare increases, the support of the Government, and the successful implementation of cost reduction measures will ensure that the Group will have sufficient resources to continue its operations for the foreseeable future.

The Board Members have a reasonable expectation that although there are a number of uncertainties facing the Group, that these uncertainties can be addressed through a range of measures. These measures include:

- Realisation of non-core assets
- Reduction in cost base including payroll reductions
- Multi-annual fare increases
- Curtailment of own-funded capital programme

Management have had initial discussions with their bankers in relation to the new facilities in 2013. As the outcome of the Groups negotiations with the Banks, the Department of Transport, Tourism and Sport and the National Transport Authority is not entirely within the Groups control, the Board Members have concluded that the risk represents a material uncertainty which casts significant doubt about the Group's ability to continue as a going concern. Nonetheless, having made due enquiries and considering the uncertainties described above, the Board Members have a reasonable expectation that renewed facilities and other funding will be made available to the Group and that Government will support measures to ensure financial stability. For these reasons, the Board Members continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

2. *Profit and Loss for Year Ended 31st December*

	Consol-idation FRS 17 €000	CIÉ €000	Iarnród Éireann -Irish Rail €000	Bus Éireann -Irish Bus €000	Bus Átha Cliath -Dublin Bus €000	Total 2011 €000	Total 2010 €000
Revenue:							
Railway:							
- Suburban rail division			49,160			49,160	50,592
- Mainline rail division			107,467			107,467	113,018
			156,627			156,627	163,610
Freight division			5,487			5,487	5,079
Rosslare Harbour			9,862			9,862	10,123
Other Rail services			13,826			13,826	11,373
Road passenger services:							
- Dublin city					178,311	178,311	182,121
- Provincial cities				22,350		22,350	22,524
- Other services				261,335		261,335	263,346
Tours		47,311				47,311	37,982
Central business activities		12,751				12,751	15,170
Total revenue		60,062	185,802	283,685	178,311	707,860	711,328
Expenditure							
Railway:							
- Suburban rail division:							
Operational costs			49,893			49,893	72,988
Infrastructure costs			42,567			42,567	33,489
- Mainline rail division:							
Operational costs			205,203			205,203	186,993
Infrastructure costs			152,954			152,954	148,613
			450,617			450,617	442,083
Freight division			4,339			4,339	4,397
Rosslare Harbour			8,111			8,111	8,430
Other Rail services			4,542			4,542	4,093
Road passenger services:							
- Dublin city					270,017	270,017	272,648
- Provincial cities				36,894		36,894	37,525
- Other services				292,522		292,522	294,907
Tours		46,278				46,278	37,733
Central business Activities	(13,100)	7,006				(6,094)	(10,120)
Total expenditure	(13,100)	53,284	467,609	329,416	270,017	1,107,226	1,091,696

2. *Profit and Loss for Year Ended 31st December (continued)*

	Consol-idation FRS 17 €000	CIÉ €000	Iarnród Éireann -Irish Rail €000	Bus Éireann -Irish Bus €000	Bus Átha Cliath -Dublin Bus €000	Total 2011 €000	Total 2010 €000
Surplus/(deficit) by activity							
Railway:							
- Suburban rail division			(43,300)			(43,300)	(55,885)
- Mainline rail division			(250,690)			(250,690)	(222,588)
			(293,990)			(293,990)	(278,473)
Freight division			1,148			1,148	682
Rosslare Harbour			1,751			1,751	1,693
Other Rail services			9,284			9,284	7,280
Road passenger services:							
- Dublin city					(91,706)	(91,706)	(90,527)
- Provincial cities				(14,544)		(14,544)	(15,001)
- Other services				(31,187)		(31,187)	(31,561)
Tours		1,033				1,033	249
Central business activities	13,100	5,745				18,845	25,290
Operating surplus/(deficit) before interest, profit on disposals, State grants and exceptional items	13,100	6,778	(281,807)	(45,731)	(91,706)	(399,366)	(380,368)
Interest receivable/(payable)		155	(3,159)	574	325	(2,105)	(2,025)
Other finance cost (note 23)	(8,000)					(8,000)	(18,600)
Profit/(loss) on disposal of tangible assets (note 8)		22,201	(130)	(91)	321	22,301	682
Surplus/deficit before State grants, and exceptional items	5,100	29,134	(285,096)	(45,248)	(91,060)	(387,170)	(400,311)
State grants:							
- operational (note 10)		–	71,678	43,403	73,032	188,113	188,408
- infrastructure (note 10)		–	194,642	–	–	194,642	174,134
EU grant infrastructure		–	–	–	–	–	15,239
Surplus/(deficit) for the year before exceptional items	5,100	29,134	(18,776)	(1,845)	(18,028)	(4,415)	(22,530)
Exceptional operating (costs)/surplus (note 7)		(823)	(3,083)	2,300	(122)	(1,728)	(31,067)
Net surplus/(deficit) for the year	5,100	28,311	(21,859)	455	(18,150)	(6,143)	(53,597)

3. *Railway Infrastructure Costs*

	2011 €000	2010 €000
In compliance with EU Council Directive 91/440 these costs have been computed as follows:		
Maintenance of railway lines and works	**63,316**	62,904
Renewal of railway lines and works	**103,039**	89,545
Operating (signalling) and other expenses	**20,886**	22,054
Depreciation	**46,319**	32,899
Amortisation of capital grants	**(38,039)**	(25,300)
Total railway infrastructure costs	**195,521**	182,102
Infrastructure subvention	**(49,327)**	(97,718)
Track Access Charges	**(37,673)**	-
Exchequer safety funding	**(4,603)**	(2,110)
Renewals funding *(note 12 [a])*	**(103,039)**	(89,545)
Total railway infrastructure funding	**(194,642)**	(189,373)
Deficit/(surplus) for the year	**879**	(7,271)

	2011 €000	2010 €000
Apportionment of costs:		
Mainline rail division	**147,998**	144,024
Freight division	**4,956**	4,589
Suburban rail division	**42,567**	33,489
	195,521	182,102

4. Payroll and Related Costs

	2011 €000	2010 €000
Staff costs		
Wages and salaries	**519,163**	538,089
Social welfare costs	**45,886**	46,668
Other pension costs	**34,704**	35,869
	599,753	620,626
Own work capitalised	**(57,865)**	(58,106)
Net staff costs	**541,888**	562,520
Board members' remuneration and emoluments		
- for services as Board members	**167**	164
- for executive services	**342**	466
Total Board members' remuneration and emoluments	**509**	630
Total payroll and related costs	**542,397**	563,150

Included in Board members' remuneration is €107,780 (2010 - €235,145) paid to Dr. J. J. Lynch, Executive Chairman for executive services who retired on 28th June 2011. The taxable benefit of the Chairman's company car is €7,973 (2010- €15,945) and Employer's PRSI paid was €579 (2010- €1,256). Vivienne Jupp was appointed as non executive Chairman on 29th June, 2011 and Vivienne received Director's fees of €15,750 during 2011.

4. Payroll and Related Costs (continued)

The Board members excluding the Chairman were paid Directors fees during 2011 as follows:

Board Member	**€**
Kevin Bonner	10,966
Michael Cullen	15,750
Phil Gaffney	17,100
Helen Keelan	3,530
Paul Kiely	5,250
Dermot Killen	15,750
Graham Lightfoot	5,250
Paul Mallee	10,963
Bill McCamley	15,750
William McDermott	15,750
Aebhric McGibney	3,530
John Maloney	15,750
Neil Ormond	5,250
Yvonne Scannell	5,250
Seamus Sheerin	5,250

	2011	2010
The average number of persons employed by company was as follows:		
CIÉ	**250**	258
Iarnród Éireann - Irish Rail	**4,198**	4,431
Bus Éireann - Irish Bus	**2,605**	2,704
Bus Átha Cliath - Dublin Bus	**3,345**	3,562
	10,398	10,955

5. *Material and Services*

	2011 €000	2010 €000
Included in materials and services are:		
Auditors' remuneration	**468**	433
Operating lease rentals	**4,683**	4,775
Expenses reimbursed to Directors	**22**	5
Revenue grants *(note 20)*	**(1,180)**	(3,372)

(A) Included in auditors' remuneration is:	2011 €000	2010 €000
Statutory audit services	**200**	187
Other assurance services	**22**	21
Tax advisory services	**148**	191
Other non audit services	**98**	34
	468	433

(B) Included in expenses reimbursed to Directors are:	2011 €000	2010 €000
Subsistence / Accommodation	**5**	4
Foreign Travel	**2**	1
Consultancy fees	**15**	
	22	5

6. *Depreciation*

	2011 €000	2010 €000
Depreciation *(note 12)*	**223,303**	213,502
Amortisation of capital grants *(note 20)*	**(166,780)**	(155,612)
	56,523	57,890

7. Exceptional Operating Costs

	2011 €000	2010 €000
Business restructuring	**(1,728)**	(31,067)
	(1,728)	(31,067)

As part of the Group Financial Plan, Iarnród Éireann continued with a voluntary severance and early retirement programme. The estimated cost in 2011 including severance payments and other costs associated with the programme is €3.1 million. In addition Bus Átha Cliath incurred €0.1 million and Córas Iompair Éireann (the holding company) incurred €0.8 million in business restructuring during the year. Bus Éireann wrote back provisions for voluntary severance of €2.3 million in 2011.

8. Profit on Disposal of Tangible Assets

	2011 €000	2010 €000
Net gain on sale of land and buildings	**22,209**	826
Profit/(loss) on disposal of rolling stock, vehicles, plant and machinery	**92**	(144)
	22,301	682

9. Interest Payable

	2011 €000	2010 €000
On loans and leases wholly repayable within five years	**2,789**	1,945
On loans and leases not wholly repayable within five years	**370**	728
	3,159	2,673
Interest apportioned:		
Group operational costs	**2,020**	1,722
Railway infrastructure costs	**1,139**	951
	3,159	2,673

10. Public Service Obligations and other Exchequer Grants

The grants payable to Córas Iompair Éireann are in accordance with the relevant EU Regulations governing State aid to transport undertakings.
Particulars of the State grants of €279.716 million received in 2011 - €265.118 million under Sub-Head C1 of Vote 32 of Dáil Éireann and €14.598 million under the Railway Safety Investment Programme are given in the following table:

State grants relating to 2011 activities		**Total**
		€000
Iarnród Eireann - Irish Rail:		
– Public Service Obligation		148,683
– Railway Safety Investment Programme		14,598
Total Iarnród Eireann - Irish Rail		163,281
Bus Átha Cliath - Dublin Bus		73,032
Bus Éireann - Irish Bus		43,403
		279,716
Add State grant for National Development Plan (NDP)		
Other Exchequer grants		243,660
Total State funding		19,046
		542,422
The total State funding was applied as follows:		
Consolidated profit and loss account		279,716
Less: infrastructure		(91,603)
Subvention and railway safety grants – operational		188,113
Infrastructure subvention and railway safety grants	91,603	
NDP – credit against renewals of railway lines and works	103,039	
Infrastructure subvention *(note 2)*		194,642
Deferred income – capital grants		158,587
Other Exchequer revenue grants		1,080
Total		542,422

11. Holding Company Net Result for the Year

A summary of the financial results of the holding company and its subsidiaries is shown in Note 2.
The holding company's net surplus for the year, after profit on disposal of tangible assets, amounted to €28.311 million.

12. Tangible Fixed Assets

Group

2011	1st January €000	Reclass €000	Inter Co Transfers €000	Additions €000	Scrappings and Disposals €000	31st December €000
Cost						
Railway lines and works	1,631,320	–	117,662	122,801	–	1,871,783
Funding received for railway lines and works	(1,159,026)	–	–	(103,039)	–	(1,262,065)
Railway rolling stock	1,396,990	(6)	–	31,678	(131)	1,428,531
Road passenger vehicles	548,890	–	–	32,458	(20,674)	560,674
Road freight vehicles	3,075	–	–	–	(167)	2,908
Land and buildings	975,836	–	(117,662)	41,324	(9)	899,489
Plant and machinery	1,103,110	6	–	86,939	(10,530)	1,179,525
Docks, harbours and wharves	55,562	–	–	383	–	55,945
Total	4,555,757	–	–	212,544	(31,511)	4,736,790

2011	1st January €000	Reclass €000	Inter Co Transfers €000	Charge For Year €000	Scrappings and Disposals €000	31st December €000
Depreciation						
Railway lines and works	1,363,517	–	9,533	112,516	–	1,485,566
Funding received for railway lines and works	(1,159,026)	–	–	(103,039)	–	(1,262,065)
Railway rolling stock	513,005	(1)	–	96,434	(131)	609,307
Road passenger vehicles	355,796	–	–	33,613	(20,547)	368,862
Road freight vehicles	3,075	–	–	-	(167)	2,908
Land and buildings	84,800	–	(5,768)	17,956	-	96,988
Plant and machinery	457,540	1	–	60,898	(10,502)	507,937
Docks, harbours and wharves	17,684	–	–	1,160	-	18,844
Total	1,636,391	–	3,765	219,538	(31,347)	1,828,347

12. Tangible Fixed Assets (continued)

	2011 €000	2010 €000
Net book amount		
Railway lines and works	**386,217**	267,803
Railway rolling stock	**819,224**	883,985
Road passenger vehicles	**191,812**	193,094
Land and buildings	**802,501**	891,036
Plant and machinery	**671,588**	645,570
Docks, harbours and wharves	**37,101**	37,878
Total	**2,908,443**	2,919,366

Company	1st January €000	Additions €000	Inter Co Transfers €000	Scrappings and Disposals €000	31st December €000
Cost					
Land and buildings	972,961	41,277	(117,662)	(9)	896,567
Plant and machinery	31,844	368	–	(116)	32,096
Total	1,004,805	41,645	(117,662)	(125)	928,663

	1st January €000	Charge For Year €000	Inter Co Transfers €000	Scrappings and Disposals €000	31st December €000
Depreciation					
Land and buildings	84,014	17,844	(5,768)	–	96,090
Plant and machinery	31,189	493	–	(95)	31,587
Total	115,203	18,337	(5,768)	(95)	127,677

12. Tangible Fixed Assets (continued)

	2011 €000	2010 €000
Net book amount		
Land and buildings	**800,477**	888,947
Plant and machinery	**509**	655
Total	**800,986**	889,602

(a) In compliance with FRS 15, Tangible Fixed Assets, the basis of accounting for renewals of railway lines and works is to credit the grant against the cost of additions to the railway network.

	2011 €000	2010 €000
Renewals expenditure and related grants were as follows:		
Renewals expenditure	**103,039**	89,545
State grants	**103,039**	74,306
EU grants	–	20,581
	103,039	94,887

(b) Road passenger vehicles at a cost of €107,793,000 (2010 - €89,446,000) were fully depreciated but still in use at the balance sheet date.

(c) The expected normal useful lives of the various types of assets for depreciation purposes are as follows:

	Lives (Years)
Buildings	50
Bus Shelters	3 to 15
Catering equipment	5 to 10
Railway lines and works	10 to 40
Railway rolling stock	4 to 20
Road passenger vehicles	7 to 14
Road freight vehicles	1 to 10
Plant and machinery	3 to 30
Docks, harbours and wharves	50

12. Tangible Fixed Assets (continued)

(d) Included in tangible fixed assets are amounts, as stated below, in respect of rail locomotives which are held under finance leases, whereby the company has substantially all the risks and rewards associated with the ownership of an asset, other than the legal title:

	2011	2010
	€000	€000
Cost	**93,341**	92,005
Accumulated depreciation	**(78,957)**	(75,782)
Net book value at 31st December	**14,384**	16,223
Depreciation for year	**(3,175)**	(2,826)

(e) Included in the additions above are payments on account in respect of assets as set out below which were not yet in service:

	2011	2010
	€000	€000
Railway rolling stock	**112,183**	109,441
Road passenger vehicles	**30,312**	-
	142,495	109,441

(f) Tangible fixed assets include railway infrastructure assets as follows:

	2011	2010
	€000	€000
Cost	**1,215,929**	1,108,064
Accumulated depreciation	**(465,968)**	(426,492)
Net book value at 31st December	**749,961**	681,572

13. Financial Assets

	Trade investments					
	Listed shares		**Unlisted shares**		**Total**	
Group	**2011**	2010	**2011**	2010	**2011**	2010
	€000	€000	**€000**	€000	**€000**	€000
Cost or valuation	**97**	97	**13**	13	**110**	110
Provision for permanent diminution in value	**(77)**	(77)	**(13)**	(13)	**(90)**	(90)
Net book amounts at 31st December	**20**	20	**–**	–	**20**	20

	Subsidiary companies		Trade investments		
Company	**Unlisted shares**	**Finance leases**	**Listed shares**	**Unlisted shares**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**
Cost or valuation					
At 1st January 2011	**255,217**	**20,257**	**34**	**13**	**275,521**
Share additions Bus Átha Cliath	**38,092**	**–**	**–**	**–**	**38,092**
Less: Reduction in finance leases	**–**	**(3,958)**	**–**	**–**	**(3,958)**
At 1st 31st December 2011	**293,309**	**16,299**	**34**	**13**	**309,655**
Provision for permanent diminution in value at 31st December 2011	**–**	**–**	**(34)**	**(13)**	**(47)**
Net book amounts at 31st December 2011	**293,309**	**16,299**	**–**	**–**	**309,608**

14. Stocks

Group	**2011**	2010
	€000	€000
Maintenance materials and spare parts	**28,992**	26,376
Infrastructure stocks	**15,604**	12,638
Fuel, lubricants and other sundry stocks	**14,075**	9,052
	58,671	48,066

These amounts include parts and components necessarily held to meet long-term operational requirements.

15. Debtors

Group	**2011**	2010
	€000	€000
Trade debtors	**23,532**	26,024
Department of Education and Science	**9,406**	2,838
EU grants receivable	**248**	10,043
Other debtors and accrued income	**18,682**	15,965
	51,868	54,870
Company		
Trade debtors	**2,767**	1,823
Other debtors and accrued income	**5,751**	7,892
	8,518	9,715

16. Creditors (amounts falling due within one year)

Group	**2011**	2010
	€000	€000
Bank overdraft	**2,036**	7,417
Bank loans *(note 18)*	**62,000**	7,000
Finance lease obligations *(note 27)*	**3,701**	3,484
Trade creditors	**133,934**	121,195
Income tax deducted under PAYE	**10,834**	9,704
Pay related social insurance	**5,543**	7,426
Value added tax and other taxes	**9,863**	12,386
Other creditors	**21,039**	18,264
Restructuring provisions *(note 19)*	**17,584**	41,082
Third party and employer's liability claims *(note 19)*	**24,035**	21,954
Deferred income *(note 20)*	**171,743**	165,496
Accruals	**45,898**	63,840
	508,210	479,248
Creditors for taxation and social welfare included above	**26,240**	29,516

16. Creditors (amounts falling due within one year) (continued)

Company	**2011 €000**	2010 €000
Bank overdraft	**1,470**	3,165
Bank loans *(note 18)*	**62,000**	7,000
Finance lease obligations *(note 27)*	**3,701**	3,484
Trade creditors	**8,938**	6,875
Amounts owed to subsidiary companies	**158,703**	199,933
Income tax deducted under PAYE	**798**	637
Pay related social insurance	**91**	171
Value added tax and other taxes	**1,014**	1,132
Other creditors	**4,185**	4,513
Deferred income (note 20)	**11,566**	13,431
Accruals	**4,429**	16,747
	256,895	257,088
Creditors for taxation and social welfare included above	**1,903**	1,940

17. Creditors (amounts falling due after more than one year)

Company and Group	**2011 €000**	2010 €000
Finance lease obligations *(note 27)*	**10,065**	13,766
Irrecoverable value added tax on finance leases	**1,852**	2,399
	11,917	16,165

18. Bank Loans

Company and Group	**2011 €000**	2010 €000
These loans are repayable as follows:		
Within one year *(note 16)*	**62,000**	7,000

The presentation of the maturity analysis of loans and other debt above complies with the provisions of FRS 25, Capital Instruments. The standard requires that the maturity of debt should be determined by reference to the earliest date on which the lender can require repayment.

19. Provisions for Liabilities and Charges

Group	**Restruc-turing Provisions €000**	**Third Party and Employer's Liability Claims €000**	**Total €000**
Balance at 1st January 2011	41,082	204,412	245,494
Utilised during year	(23,013)	(15,542)	(38,555)
Transfer from profit and loss account	(485)	12,941	12,456
Balance carried forward 31st December 2011	17,584	201,811	219,395
Apportioned:			
Current liabilities *(note 16)*	17,584	24,035	41,619
Amounts falling due after more than one year	-	177,776	177,776
	17,584	201,811	219,395

Any losses not covered by external insurance are charged to the consolidated profit and loss account and unsettled amounts are included in provisions for liabilities and charges.

Provisions coming forward from previous years have been transferred to the consolidated profit and loss account based on recent claims history.

(A) External Insurance Cover
The Board has the following external insurance cover:

(i) Iarnród Éireann – Irish Rail
Third Party Liability in excess of

(a) €5,000,000 on any one occurrence or series of occurrences arising out of any one rail transport event and

(b) €1,500,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US$3,300,000.

(ii) Bus Átha Cliath – Dublin Bus
Third Party Liability in excess of €2,000,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US$3,300,000.

(iii) Bus Éireann – Irish Bus
Third Party Liability in excess of

(a) €2,000,000 for school buses and

(b) €2,000,000 for other road transport on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US$3,300,000.

19. Provisions for Liabilities and Charges (continued)

(iv) Group

Third Party Liability in excess of €150,000 on any one occurrence or series of occurrences arising out of Other Risks events, except

(a) Water damage where the excess is €2,000,000 and

(b) Any claims subject to United States of America jurisdiction where the excess is US$150,000.

(v) In addition, each of the subsidiary companies within the Group has aggregate cover in the twelve month period, April 2011 to March 2012, for rail and road transport third party liabilities in excess of a self insured retention of:

Iarnród Éireann – Irish Rail	€11,000,000
Bus Átha Cliath – Dublin Bus	€15,000,000
Bus Éireann – Irish Bus	€11,000,000

subject to an overall Group self insured retention of €27,000,000 in the annual aggregate after which any individual self insured retention in that annual period will be €50,000.

(vi) Group Combined Liability Insurance, which does not exclude Terrorism liability, overall indemnity is €200,000,000 for the twelve month period, April 2011 to March 2012, for all rail and road transport Third Party and Other Risks liabilities.

(vii) All Risks, including storm damage, with an indemnity of €200,000,000 in respect of Group's property in excess of €1,000,000 on any one loss or series of losses, with the annual excess capped at €5,000,000 in aggregate after which any individual self insured excess in that annual period will be €100,000.

(viii) Terrorism indemnity cover for the Group is €200,000,000 with an excess of €500,000 in respect of railway and road rolling stock and €150,000 in respect of other property damage, for each and every loss.

(ix) Iarnród Éireann has the following external cover in respect of its operations at Rosslare Europort:

(a) Marine Third Party Liability cover of €12,500,000 any one incident but unlimited during the currency of the policy, subject to an excess of €150,000 per incident.

(b) Removal of Wreck cover of €5,000,000 any one incident, subject to an excess of €12,500 any one incident and 3 days excess in respect of Loss of Revenue claims any one incident.

(c) Loss of Revenue cover €25,500 per day for a maximum of 30 days any one incident, subject to an excess of seven days any one incident.

(d) Marine Impact cover for itemised structures totalling €38,575,000, subject to an excess of €25,000 for each and every loss.

(e) Excess Marine Third Party Liability cover of €25,600,000 any one incident in excess of €12,500,000 any one incident.

(f) Unaccompanied Trailers cover of €5,000,000 any one location, subject to an excess of €25,000 each and every loss.

(g) Unaccompanied motor vehicles of €635,000 any one vessel or conveyance, €4,450,000 any one incident, and €127,500 any one vehicle, subject to an excess of €625 each and every loss.

(h) Unaccompanied mechanically propelled vehicles not owned by CIÉ/Iarnród Éireann being driven by Iarnród Éireann personnel within the Europort area, subject to third party property damage limits of €2,600,000 in respect of commercial vehicles and €30,000,000 in respect of private cars.

19. Provisions for Liabilities and Charges (continued)

(B) Third Party and Employer Liability Claims Provisions and Related Recoveries

Provision is made at the year-end for the estimated cost of liabilities incurred but not finalised at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Group. The estimated cost of claims includes expenses to be incurred externally in managing claims but excludes the internal overhead of claims management fees. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of outstanding potential liabilities the Group calculates individual file valuations to which contingency provisions are added with the assistance of external actuarial advice. The actuary's mathematical modelling is generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the potential liabilities to increase or reduce when compared with the cost of previously finalised claims including, for example, changes in the legal environment, the effects of inflation, changes in operational activity and the impact of large losses.

In estimating the cost of claims notified but outstanding, the Group has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the Group, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is therefore high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated gross of any reinsurance recoveries where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to notification from the Group's brokers of any re-insurers in run off.

20. Deferred Income

Group	1st Jan 2011 €000	Inter Company Transfers €000	Received and Receivable €000	Profit and Loss A/C €000	31st Dec 2011 €000
Capital grants					
Railway lines and works	242,946	117,662	21,175	(16,906)	364,877
Railway rolling stock	803,892	–	9,400	(76,928)	736,364
Plant and machinery	528,454	–	66,708	(45,458)	549,704
Docks, harbours and wharves	12,662	–	–	(275)	12,387
Land and Buildings	672,674	(117,662)	31,716	(7,304)	579,424
Road passenger vehicles	114,485	–	20,931	(19,872)	115,544
	2,375,113	–	149,930	(166,743)	2,358,300
Other deferred income	1,033	–	–	(37)	996
	2,376,146	–	149,930	(166,780)	2,359,296
Revenue grants	–	–	1,180	(1,180)	–
Total	2,376,146	–	151,110	(167,960)	2,359,296

	2011 €000	2010 €000
Apportioned:		
Deferred income – amounts falling due within one year	171,743	165,496
Deferred income – amounts falling due after one year	2,187,553	2,210,650
	2,359,296	2,376,146

20. Deferred Income (continued)

Company	1st Jan 2011 €000	Inter Company Transfers €000	Received and Receivable €000	Profit and Loss A/C €000	31st Dec 2011 €000
Capital grants					
Land and buildings	671,495	(117,662)	31,712	(7,263)	578,282
NDP Infrastructure (I.T.) grant	59	–	–	(57)	2
Other Deferred Income	18	–	–	(2)	16
Total	671,572	(117,662)	31,712	(7,322)	578,300

	2011 €000	2010 €000
Apportioned:		
Deferred income – amounts falling due within one year	11,566	13,431
Deferred income – amounts falling due after one year	566,734	658,141
	578,300	671,572

21. Reconciliation of Movements in Reserves

Group	Capital Reserve €000	Profit and Loss A/C €000	Non-repayable State Advances €000	2011 Total Reserves €000	2010 Total Reserves €000
Balance at 1st January	28,556	(241,401)	12,511	(200,334)	(346,137)
Deficit for the year	–	(6,143)	–	(6,143)	(53,597)
Actuarial gain in respect of pension schemes	–	184,400	–	184,400	199,400
Balance at 31st December	28,556	(63,144)	12,511	(22,077)	(200,334)

21. Reconciliation of Movements in Reserves (continued)

Company	Capital Reserve €000	Profit and Loss A/C €000	Non-repayable State Advances €000	2011 Total Reserves €000	2010 Total Reserves €000
Balance at 1st January	**28,556**	**216,300**	**12,511**	**257,367**	249,531
Deficit for the year	–	**28,311**	–	**28,311**	7,836
Balance at 31st December	**28,556**	**244,611**	**12,511**	**285,678**	257,367

22. Cash Flow Statement

Year ended 31st December **(A) Reconciliation of operating deficit to operating cash flows**	**2011** **€000**	2010 €000
Operating deficit before Public Service Obligations and grants	**(298,055)**	(321,890)
Public Service Obligation and grants other than that applied to renewals	**279,716**	288,236
	(18,339)	(33,654)
Depreciation	**223,303**	213,502
Amortisation of capital grants	**(166,780)**	(155,612)
(Increase)/reduction in stocks	**(10,605)**	15,739
(Increase)/decrease in debtors	**(6,794)**	57,383
Decrease in creditors and provisions	**(44,399)**	(23,911)
Net cash (outflow)/inflow from operating activities	**(23,614)**	73,447

(B) Analysis of cash flows for headings netted in the cash flow statement	**2011** **€000**	2010 €000
Returns on investments and servicing of finance		
Interest received	**1,054**	648
Interest paid	**(2,789)**	(1,945)
Interest element of finance lease rental payments	**(370)**	(728)
Net cash outflow for returns on investments and servicing of finance	**(2,105)**	(2,025)

22. Cash Flow Statement (continued)

Capital expenditure and financial investment	**2011 €000**	2010 €000
Purchase of tangible assets	**(316,588)**	(415,290)
Disposal of tangible assets	**22,400**	1,850
State and EU capital grants	**262,784**	443,301
Net cash (outflow)/inflow for capital expenditure and financial investment	**(31,404)**	29,861

Financing	**2011 €000**	2010 €000
Repayment of debt	**-**	(91,022)
Short Term Revolving Credit Facility	**55,000**	7,000
Capital element of finance lease rental payments	**(3,484)**	(3,281)
Net cash inflow/(outflow) from financing	**51,516**	(87,303)

(C) Analysis of net debt	**1st Jan. 2011 €000**	**Cash Flow €000**	**31st Dec. 2011 €000**
Cash at bank and in hand	**14,565**	**(10,988)**	**3,577**
Bank overdrafts	**(7,417)**	**5,381**	**(2,036)**
		(5,607)	
Debt due within one year	**(7,000)**	**(55,000)**	**(62,000)**
Finance leases	**(17,250)**	**3,484**	**(13,766)**
		(51,516)	
Total	**(17,102)**	**(57,123)**	**(74,225)**

23. Pensions

The majority of the Group's employees participate in the defined benefit pension schemes based on final pensionable pay. Contributions by the Board, its subsidiaries and the employees are invested in trustee administered funds.

The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

An actuarial review was carried out as at 31st December 2011 and the market value of the assets of the schemes at that date was €1,332,000,000 which amounted to 77.7% of the benefits which had accrued to members based on service to and pensionable pay at the review date. Actuarial reports are available to scheme members but are not provided for public inspection.

Composition of the Scheme

The Group operates two defined benefit schemes in Ireland. Actuarial valuations were carried out at 31st December 2011 by a qualified independent actuary.

The amounts recognised in the Balance Sheet are as follows:

	2011	2010
	€000	€000
Fair value of scheme assets	**1,338,100**	1,344,300
Present value of scheme liabilities	**(1,497,300)**	(1,693,000)
Pension deficit	**(159,200)**	(348,700)

No deferred tax asset has been recognised in respect of the above pension deficit as it is unlikely that the Group will have taxable profits in the foreseeable future.

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

	2011	2010
	€000	€000
Charged to operating profit		
Current service cost	**30,700**	33,400
Past service cost	**8,400**	3,900
Total operating charge	**39,100**	37,300
Credited to other finance income		
Expected rate of return on pension scheme assets	**80,400**	74,900
Interest on pension scheme liabilities	**(88,900)**	(94,300)
Curtailment gain	**500**	800
Net return	**(8,000)**	(18,600)

23. Pensions (continued)

Actual return on schemes' assets

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

	2011 €000	2010 €000
Actual return less expected return on pension scheme assets	**(77,300)**	30,600
Experience gains arising on the scheme liabilities	**(14,600)**	32,300
Changes in assumptions underlying the present value of the scheme liabilities	**276,300**	136,500
Actuarial gain recognised in STRGL	**184,400**	199,400

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses up to and including the financial year ended 31st December 2011 is €247.682 million (2010: €432.073 million)

Based on current contribution ratios, the expected members and employer contributions for the year ended 31st December 2012 are €62 million.

Movement in schemes' assets and liabilities

	Schemes' Assets €000	**Schemes' Liabilities €000**	**Schemes' Deficit €000**
At 1st January 2010	1,247,700	(1,794,700)	(547,000)
Current service cost	–	(33,400)	(33,400)
Interest costs	–	(94,300)	(94,300)
Expected return on scheme assets	74,900	–	74,900
Actual less expected return on scheme assets	30,600	–	30,600
Experience losses on liabilities	–	168,800	168,800
Past service costs	–	(3,900)	(3,900)
Curtailment gain	–	800	800
Net benefit paid out	(83,700)	83,700	–
Members contributions	20,000	(20,000)	–
Employer contributions paid	54,800	–	54,800
At 31st December 2010	**1,344,300**	**(1,693,000)**	**(348,700)**
Current service cost	**–**	**(30,700)**	**(30,700)**
Interest costs	**–**	**(88,900)**	**(88,900)**
Expected return on scheme assets	**80,400**	**–**	**80,400**

23. Pensions (continued)

Movement in schemes' assets and liabilities (continued)

Actual less expected return on scheme assets	(77,300)	–	(77,300)
Experience gains on liabilities	–	261,600	261,600
Past service costs	–	(8,400)	(8,400)
Curtailment gain		500	500
Net benefit paid out	(80,500)	80,500	–
Members contributions	18,900	(18,900)	–
Employer contributions paid	52,300	–	52,300
At 31st December 2011	1,338,100	(1,497,300)	(159,200)

All of the schemes' liabilities above arise from schemes that are wholly funded.

Risks and rewards arising from the assets

At 31st December 2011 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the assets at year end was €1,338,100. The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	2011	2010
	%	%
Equities	**47.4**	48.9
Property	**8.5**	8.7
Bonds	**34.5**	32.5
Other	**9.6**	9.9
Total	**100**	100

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

23. Pensions (continued)

Basis of expected rate of return on scheme assets

The Group employs a building block approach in determining the rate of return on pension scheme assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. For equities the expected return is 7.6% and is expected to exceed that of bonds by on average 4.2%. The expected rate of return for property assets is 6.0% and for other assets is 6.7%. Thus the overall expected rate of return on schemes' assets at 31st December 2011 is 5.33% (2010: 6.0%).

Financial Assumptions

The principal actuarial assumptions used in the valuations were:

	31st Dec. 2011 % p.a.	31st Dec. 2010 % p.a.
Discount rate	**5.15**	5.30
Inflation	**2.00**	2.00
Pension increases**	**2.00**	3.00
Salary increases**	**2.00**	3.00

** Pay Pause i.e. 0% increase for 2012-2018 reverting to long term assumptions thereafter.

Mortality assumptions

Assumptions regarding future mortality experience are set based on information from published statistics and are selected to reflect the characteristics and experience of the membership of the relevant schemes. The mortality rates used are based on standard mortality tables derived from UK experience adjusted with effect from 31st December 2011 to allow for future improvements in mortality consistent with the approach adopted by the CSO in carrying out population projections.

The average life expectancy, in years, of a member retiring at age 65 is as follows:

	31st Dec. 2011 Male	**31st Dec. 2011 Female**	**31st Dec. 2010 Male**	**31st Dec. 2010 Female**
Currently aged 45 years	**24.9**	**25.9**	24.8	25.8
Currently aged 65 years	**22.3**	**23.7**	22.1	23.6

23. Pensions (continued)

History of asset values, present value of liabilities, deficit in the Schemes and experience gains and losses for year ended 31st December.

	2011	2010	2009	2008	2007
	€000	€000	€000	€000	€000
Fair value of scheme assets	**1,338,100**	1,344,300	1,247,700	1,160,200	1,549,000
Present value of funded liabilities	**(1,497,300)**	(1,693,000)	(1,794,700)	(1,727,800)	(1,711,800)
Deficit in scheme	**(159,200)**	(348,700)	(547,000)	(567,600)	(162,800)
Experience (losses)/gains on scheme assets	**(77,300)**	30,600	24,200	(491,700)	(77,600)
Percentage of the present value of the scheme assets	**(5.8%)**	2.3%	1.9%	(42.4%)	(5.0%)
Experience (losses)/gains on scheme liabilities:**	**(14,600)**	32,300	25,900	(59,600)	(62,000)
Percentage of the present value of the scheme liabilities	**(1.0)%**	1.9%	1.4%	(3.4%)	(3.6%)

** This item consists of gains/(losses) in respect of liability experience only and excludes any changes in liabilities in respect of changes to the actuarial assumptions used.

24. Capital Commitments

	2011	2010
	€000	€000
Contracted for	**39,665**	50,288
Authorised by Board but not contracted for	**278,039**	396,340
	317,704	446,628

Capital grants totalling €161.2 million have been approved in respect of the above expenditure (2010 - €395.2 million).

25. Foreign Exchange and Oil Commitments

At 31st December 2011 Córas Iompair Éireann was committed to buying STG£3.5 million, selling US $2.0 million and buying US$40.5 million under forward currency contracts expiring during 2012 and 2013. The fair value of these contracts at 31st December 2011 was a profit of €2.9 million.

At 31st December 2011 Córas Iompair Éireann was also committed to buying oil under commodity swap contracts to the value of US$ 109.6 million expiring during 2012, 2013 and 2014. The fair value of these contracts at 31st December 2011 was a profit of €4.9 million.

26. Contingent Liabilities

Pending litigation

The Group, from time to time, is party to various legal proceedings. It is the opinion of the Board that losses, if any, arising in connection with these matters will not be materially in excess of provisions in the financial statements.

Finance leases

Under the terms of the finance leases there are contingent liabilities whereby material tax changes affecting the lessors' tax liabilities on lease income will be offset by appropriate adjustments to lease rentals.

Letters of credit

Under lease agreements relating to railway rolling stock the Board has certain obligations to the lessor that could arise in the event of early termination of the agreements. These obligations are covered by letters of credit that are indemnified by the Board of Córas Iompair Éireann. No liability is expected to arise in respect of this indemnity.

Grants receivable

All grant applications made to the EU are subject to a stringent audit process. The Group is confident it is compliant with EU procedures and conditions but until the final report is available there exists a possibility that some elements of expenditure due to be claimed or claimed to date may be deemed ineligible. Under these circumstances some or all of the funding for certain projects may not be receivable and some grants received to date could become repayable.

27. Lease Obligations

(A) Finance leases	**2011**	2010
	€000	€000
Net obligations under finance leases fall due as follows:		
Within one year (note 16)	**3,701**	3,484
Between one and five years	**10,065**	13,766
Total	**13,766**	17,250

The Minister for Finance has fully guaranteed the above finance leases.

(B) Operating leases	**On plant & equipment/ motor vehicles**
	€000
Commitments under non-cancellable operating leases payable expire as follows:	
Within one year	**2,613**
Between one and five years	**5,609**
	8,222

28. Related Party Transactions

(A) The ownership of the company

CIÉ is a statutory body set up under the Transport Act, 1950.

The members of the Board are appointed by the Minister for Transport, Tourism and Sport.

(B) Provision of services to entities owned by the Irish Government

The Group provides rail and road transport services in the ordinary course of its business to Government departments and to entities controlled by the Irish Government, the principal of these being the Department of Education and Science, the Department of Social and Family Affairs, Coillte, An Post and the various county councils. The Group also uses the services of Bank of Ireland / Allied Irish Bank for the sale of foreign currency during its ordinary course of business. Revenue from these services amounted to €242.9 million in 2011 and amounts due from these entities to the Group at 31st December 2011 for these services totalled €20.9 million.

(C) Purchase of services from entities owned by the Irish Government

In the ordinary course of its business the Group purchases services from entities controlled by the Irish Government, the principal of these being ESB, Bord Gáis and the various county councils. The Group also uses the services of Bank of Ireland / Allied Irish Bank for the purchase of foreign currency and day to day banking facilities. Expenditure on these services amounted to €39.4 million in 2011 and amounts due to these entities by the Group at 31st December 2011 for these services totalled €33.0 million.

29. Group Membership

Name:	**Principal activity**
Holding company:	
Córas Iompair Éireann	- Public transport services
Subsidiary companies (all wholly owned)	
Iarnród Éireann - Irish Rail	- Public rail (passenger and freight) services
Bus Éireann - Irish Bus	- Public bus passenger services
Bus Átha Cliath - Dublin Bus	- Public bus passenger services
CIE Tours International Incorporated	- Tours

Iarnród Éireann - Irish Rail, Bus Éireann - Irish Bus and Bus Átha Cliath - Dublin Bus are incorporated and operate principally in the Republic of Ireland. These three companies are incorporated under the provisions of the Companies Acts, 1963 to 2012, as wholly owned subsidiaries of Córas Iompair Éireann in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986. All of the Group's interests in the subsidiary companies consist of ordinary share capital.

CIE Tours International is incorporated in New York and operates in North America.

The registered offices of the subsidiary companies are as follows:

Iarnród Éireann - Irish Rail	Connolly Station, Dublin 1.
Bus Éireann - Irish Bus	Broadstone, Dublin 7.
Bus Átha Cliath - Dublin Bus	59 Upper O'Connell Street, Dublin 1.
CIE Tours International Incorporated	10 Park Place, Suite 510, P. O. Box 1965, Morristown NJ 07962-1965.

30. Approval of Financial Statements

The Board approved the financial statements on 1st November, 2012.

CIE