Annual Report & Financial Statements 2011

Alternative2Energy

Kingspan®

Financial Highlights

for the year ended 31 December 2011

	2011	2010	% Change
Group sales	€1,546.9m	€1,193.2m	+30%
EBITDA[1]	€133.6m	€107.6m	+24%
Trading profit	€95.7m	€72.0m	+33%
Basic earnings per share	37.1 cent	29.2 cent	+27%
Dividend per share for the year	11 cent	10 cent	+10%
Interest cover (EBITDA/Net Interest)	10.2 times	11.9 times	
Gearing ratio (net debt as % shareholders funds)	23.1%	18.1%	

[1] Earnings before finance cost, income tax, depreciation and intangible amortisation.

Light on energy

Kingspan high performance insulated envelope systems can save up to 40% of the building's energy consumption.

Kingspan EnvelopeFirst,™ in conjunction with Energy Efficiency Measures (EEM's), is the first step on the route to Net-Zero Energy Buildings.

Conservation of energy

Newton's cradle, named after Sir Isaac Newton, is a device that demonstrates conservation of momentum and energy.

Kingspan provide high performance insulation solutions that conserve energy throughout the life of the building.

Chairman's Statement

I am pleased to report that in the face of continued global economic instability, and sluggish construction markets, Kingspan has achieved significant growth and development during 2011.

Light on the planet

Kingspan high performance insulated panel systems provide guaranteed insulation continuity, thermal reliability and airtightness over the whole life of a building compared with fibrous insulation materials.

*1m² of Kingspan insulated panels reduces energy consumption by 5100 kWh and saves 260.00 Euros**

**Total savings over 60 years*

Total revenues grew by 30% to €1.55 billion, trading profit increased by 33% to €95.7 million, and earnings per share rose by 27% to 37.1 cent, while the Group retained its exceptionally strong balance sheet, with net assets of €735 million and net debt of €170 million.

Key developments during the year included completion of the acquisition and integration of the western European insulation businesses within our existing Insulation division, which now provide us with market leading positions across Europe and a platform for further growth and development. Meanwhile, other acquisitions in the year, although smaller in scale, reaffirm Kingspan's ambition to develop our business in new markets and new geographies.

Across the Group, our Net Zero Initiative, which targets using only renewable energy sourced (where possible) on-site in all of our businesses by 2020, not only makes good business sense for Kingspan and showcases some of our renewable products, but also provides a road map to our customers on how to achieve a Net Zero or Level A rated building. As increased government regulations and customer specifications require reduced energy costs over the life cycle of a building, Kingspan's range of high performance insulation and renewable products will be up front and centre in meeting this demand.

Olympia Park, London, UK
Marks & Spencer
Insulated Panels

Management and employees

Full credit is due to all our employees for delivering this excellent result, and in particular the management team who have steered the Company through some of the most turbulent periods in recent history, whilst all the time keeping the business focused on strengthening its core products and growing its markets.

Dividend

The Board is recommending a final dividend of 6.5 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 11.0 cent, an increase of 10% on prior year. If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 17 May 2012 to shareholders on the register at close of business on 27 April 2012.

The Board expects to be able to continue its dividend growth into 2012 in a manner compatible with the Group's strategic growth plans.

Board changes

We were delighted to welcome both Geoff Doherty and Gilbert McCarthy to the Board in 2011, both of whom bring a huge amount of energy and experience to the Board. As previously announced, Kieran Murphy has also been appointed as a non-executive director with effect from 1 March 2012, and we are very pleased to welcome him to the Board.

Holland, Michigan, USA
LG Chem Inc. Michigan
Insulated Panels

Olympia Park, Calgary, Canada
Canada Sports Hall of Fame
Insulated Panels

During the year Dermot Mulvihill retired as Finance Director after 25 years with Kingspan, and Noel Crowe resigned as an executive director. Once again on behalf of the Board I thank Dermot and Noel for their contributions to the Group over the years. Following the conclusion of this year's Annual General Meeting, Danny Kitchen will be retiring as a non-executive director upon the expiration of his term of office. The Board extends its thanks to Danny for his insightful advice and opinion during his time as a director.

Looking ahead

I remain confident that Kingspan's strategy of expanding our geographic balance and continuing the emphasis on proprietary and differentiating technologies in high performance insulation will continue to deliver growth and develop the business across all our markets. The only question is at what pace this will happen, which depends in part on the rate of global economic recovery, but which will inevitably drive shareholder value in the long term.

Eugene Murtagh
Chairman

27 February 2012

Canberra, Australia, Shopping Centre (top), Insulated Panels
Belfast, UK, Titanic Museum (above left), Insulation
Birmingham, UK, LG Arena (above right), Insulated Panels

High on efficiency

The next step on the route to Net-Zero Energy Buildings is the integration of renewable technologies – Kingspan Insulate & Generate.

Insulate & Generate enables the building to achieve net-zero energy targets and even become a net-energy producer.

Chief Executive's Review

2011 transpired to be another year beset by global uncertainty, resulting in uninspiring economic performances in all but a few markets worldwide. Featuring most prominently was the lack of fiscal cohesion within the EU. General economic activity in Kingspan's other key regions of the US and UK was similarly mediocre with market conditions remaining delicate, despite which, the Group delivered revenue and trading profit growth of 30% and 33% respectively.

The interdependence of construction activity and the macroeconomic environment is clear. The lion's share of Kingspan's activities is focused on the non-residential markets of Mainland Europe, UK and the US, all of which were undoubtedly weak in the past year. Despite these pressures, the positioning of our businesses within the high performance insulation niche, provided a platform not only for stability, but also for strong growth during 2011.

This position, combined with the growing global recognition of the tangible economic benefits of improved building energy performance, underscored the Group's revenue and profit growth last year. Sales turnover grew by 30% to €1,547m, and trading profit grew 33% to €95.7m. Although these figures were complemented by the acquisition of a continental European insulation business, the underlying growth rates were nonetheless strong at 14% and 25% respectively, ameliorated somewhat by unseasonably warm weather in the last six weeks of the year.

2011 Highlights:

- Revenue up 30% to €1.55 billion, an increase of 14% excluding acquisitions
- Trading profit up 33% to €95.7m, an increase of 24% excluding acquisitions
- Full recovery of raw material cost increases of approximately €60m
- The acquisition and integration of the CIE insulation business, significantly strengthening the Group's Mainland European presence. Insulation Boards divisional revenues grew by 85% to €460m (up 9% excluding the acquisition)
- Strong volume growth in Insulated Panels across most regions, demonstrating continued growth in penetration, with revenue up 19% to €758m
- Return to profit growth in the Environmental division, with sales growth of 18% to €202m and particularly buoyant sales in Mainland Europe
- Solid performance in Access Floors, despite acute weakness in the office construction market worldwide. Divisional sales decreased by 6% to €126m
- Successful completion of a ten year $200m Private Placement in August 2011 extending the weighted average maturity of the Group's debt facilities to 4.0 years

St Mary Axe, London, UK
Office Building
Access Floors

Chief Executive's Review

Insulated Panels

UK
Sales volume of Insulated Panels in the UK grew 10% in 2011, a strong performance given the relative weakness of the non-residential market in the region. Behind this performance was a gradual improvement in penetration, a solid flow of retail and food sector projects, and continued growth in refurbishment activity across all segments. In addition to this our new photovoltaic insulated Powerpanel® was launched posting encouraging first year sales of approximately 5 megawatt. At year-end, the UK orderbook stood at a similar level to the same point a year earlier, and early indications would point towards a positive first quarter.

Central & Eastern Europe
Sales volume in this region ended the year up significantly, driven in the main by a strong performance in Germany and Turkey.

In the wider Eastern European markets, sales were relatively subdued in the Czech Republic, Hungary and Poland. With the year-end orderbook up 11% by volume over prior year at year end, quarter one sales are expected to show improvement over the first quarter of 2011.

Western Europe
In the Benelux and France, sales volume grew 13% as the Kingspan brand becomes increasingly established, and market share rises. The market in the Netherlands was tough during 2011, however strong progress in both France and Belgium more than compensated for this. The current year's sales pattern is expected to be similar, and the orderbook at year end was flat over prior year.

North America
Sales volume in this region grew 5% over prior year, owing largely to the strong exit from 2010, and a similarly strong order intake in the first half of 2011. Although competition has increased in the US, there is clear evidence of momentum in penetration growth which over the longer term is expected to develop along similar lines to that of Europe. Kingspan's brand is at the forefront of this market transition.

Australasia
Sales volumes improved well during the year in this region, growing approximately 20% in both dispatches and order intake. The dynamic in Australia in particular, resembles that of the US with the market developing from low levels of penetration to an increasing acceptance of low energy building fabrics. 2012 should deliver further growth, aided by a strong orderbook as we entered the year.

Ireland
Sales volume in Ireland, although at exceptionally low levels, grew approximately 13% in the period, and order intake was marginally ahead of prior year.
The performance of our business in the region can be expected to remain relatively stable for the foreseeable future.

Insulated Panels

	FY 2011 €m	FY 2010 €m	Change
Turnover	758.0	638.5	+19%[1]
Trading Profit	50.5	35.8	+41%
Trading Margin	6.7%	5.6%	

[1] Comprising volume growth +11%, price/mix +9% and currency impact -1%

Geelong, Australia
Katsumata Centre
Insulated Panels

Coventry, UK
University Hospital
Insulation

Insulation Boards

UK

The general market environment in the UK was quite challenging during 2011 as new-build construction activity continued to be lacklustre. In the face of this, sales volume contracted marginally by 2%, and revenue grew by 13% as the pass-through of aggressive chemical price increases earlier in the year featured prominently. Growth in the refurbishment sector continued to be a key aspect of the division's performance.

That can be expected to remain the case as we generate further opportunity through the UK's forthcoming 'Green Deal' initiative. This will be achieved in both the Kingspan and the newly acquired Ecotherm brands.

Western Europe

Sales growth in this region was exceptionally strong in the period, clearly supported by the acquired business and revenues in the Benelux and Germany. Underlying sales grew by 9%, driven again by the twin drivers of penetration growth and refurbishment. This pattern has been evident across all applications, which now include domestic roofing elements and blown cavities through the Dutch based Unidek brand. In all, it was a year in which the Insulation Boards division made quantum progress on the continent, cementing Kingspan's position as Europe's leading high performance insulation provider.

Australasia

Although the market weakened progressively through 2011, Kingspan's business advanced well, growing by 10% in the period. As with other markets, the gradual displacement of traditional fibrous insulation has been key in delivering the sales improvement, coupled with a substantial rise in Kooltherm® sales in the region. Although the wider economic environment in Australia and New Zealand is not forecast to improve in the near-term, continued conversion should deliver further growth in 2012.

Ireland

Not surprisingly, sales volumes declined by a further 19% during the year, the result of continued weakness in the newbuild sector. Whilst the prognosis for this sector is not particularly positive, activity would appear to have stabilised, albeit at levels so low that they are simply not sustainable over the longer term.

Insulated Boards

	FY 2011 €m	FY 2010 €m	Change
Turnover	460.4	248.2	+85%[1)]
Trading Profit	25.7	16.7	+54%
Trading Margin	5.6%	6.7%	
Underlying* Trading Margin	7.0%	6.7%	

1) Comprising growth from acquisition +76%, price/mix +11%, volume -2% and currency impact 0%

* pre-acquisition

OPTIM-R™

EcoBuild 2012 saw the launch of Kingspan Optim-R™ – the latest in high performance insulation.

With a U-value of 0.008 W/m·K, Optim-R™ is up to ten times more energy efficient than other commonly available insulation materials.

Environmental

Sales in this division performed robustly given the weakness of the end-markets in which it operates, in particular the UK and Ireland. Volumes in the more traditional product ranges of fuel storage and water treatment were predictably weaker given the new build dynamics of these markets, however sales to continental Europe experienced a dramatic increase. This was due in the main to the business securing a one-off contract for agricultural fuel storage in France, which will expire in early 2012.

Hot Water Systems sales stabilised in the UK, and the division's growing suite of renewable technologies posted encouraging growth in the UK, Ireland and North America. This range was further complemented by the addition of a micro-wind offering during the year, currently up to 6 kilowatt and now branded KingspanWind®. Over the coming 18 months, we anticipate widening the range to offer up to a 15 kilowatt turbine. Together with the smaller turbines, these products will be used in many applications from homes, to farms, to small enterprises, and will be marketable globally.

Environmental

	FY 2011 €m	FY 2010 €m	Change
Turnover	202.3	171.7	+18%
Trading Profit	6.7	0.9	
Trading Margin	3.3%	0.5%	

Access Floors

Given the division's historic reliance on the office construction market, revenue was negatively impacted by the global weakness in newbuild commercial office space, particularly in the US. Activity in this market dropped to an all-time low during 2011, levelling out at approximately 25% of its 20 year annual average. On the positive side, penetration has continued to creep upwards gradually and a stable global data centre construction environment combined with focused new product introductions was supportive to this business during the period.

In the UK, sales weakened during the year, however office construction starts improved and given the late-cycle nature of access floors this is likely to be evident in orders during the second half of the current year.

As part of the globalisation of this division, Tasman Access Floors in Australia was acquired in January 2012 from New Zealand's Fletcher Group. This business is the Australia/New Zealand market leader in Access Floors, and will form a key part in the wider Asian presence we expect to develop over time.

Access Floors

	FY 2011 €m	FY 2010 €m	Change
Turnover	126.2	134.8	-6%[1]
Trading Profit	12.8	18.6	-31%
Trading Margin	10.2%	13.8%	

[1] Comprising volume growth -11%, price/mix +7% and currency impact -2%

Chief Executive's Review

Net Zero Energy

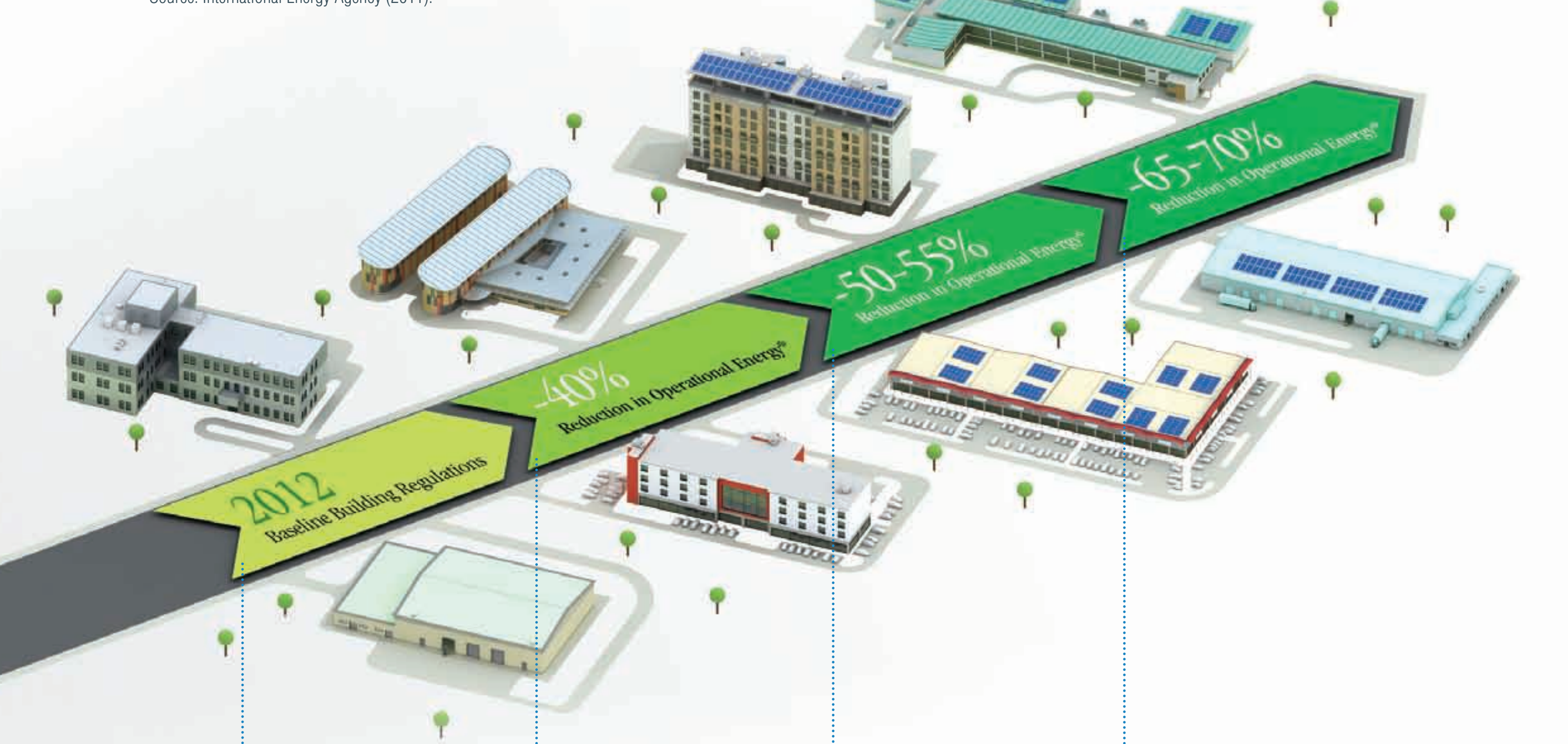
During 2011, the Group embarked on its own Net Zero Initiative, which in essence aims to have all facilities running on entirely renewable power by 2020. An interim target is to achieve Net 50% by end 2016. To the extent that it is physically possible, our plants will generate their own on-site power, and where that is not practical, renewable energy will be sourced externally. The Group Head Office in Ireland achieved Net Zero during 2011 with a 132kW solar power installation. Other sizeable projects undertaken to date include a 406kW solar power plant at Holywell and 799kW solar power plant at Pembridge in the UK, as well as Tate Access Floors in the US sourcing externally generated wind power. Further large scale projects planned over the next three years include a 5 megawatt wind installation at Holywell, a biogas facility at Pembridge, and a wood-fired CHP generator at Selby.

The route to Net-Zero Energy Buildings

What are Net-Zero Energy Buildings (NZEBs)?

"NZEBs are buildings that over a year are energy neutral, meaning they deliver as much energy to the supply grids as they use from the grids."

Source: International Energy Agency (2011).



Step 1

EnvelopeFirst™

The first step to Net-Zero Energy Buildings

Step 2

Energy Efficiency Measures

Building Service & Controls

Step 3

Insulate & Generate

EnvelopeFirst™ + Integrated Renewable Technologies

Step 4

Net-Zero Energy Buildings

Highly energy efficient buildings that are energy neutral over the course of the year

Research & Development

Ensuring a continuous flow of new product developments has always been a core theme throughout Kingspan. These projects range from evolutionary chemical and structural improvements in our offering, to more fundamental changes in materials and building envelope solutions. Amongst the many initiatives currently being worked through include:

- Next Generation Insulation, dramatically improving thermal performance, and due for launch in 2012.
- Integrated Solar Powerpanel®, combining the structural and thermal qualities of the Insulated Panel together with vacuum integrated solar cells. This product should be launched during 2013.
- A 15kW micro wind turbine, to complement the current 3kW and 6kW units, again due for launch in 2013.

Looking ahead

The wider economic environment can be expected to remain uninspiring near-term and, as a result, so too will the majority of construction markets globally. There has been recent evidence of improvement in some markets however, including the non-residential sectors of the UK and US, which ultimately should bode well for the general building market in the medium term. In contrast, building activity in the Benelux and Ireland has weakened in recent months.

Kingspan's largest sector presence is in that of the low rise commercial and industrial segments across the UK, Europe, North America and Australasia, followed by our residential presence in the UK and Western Europe.

It would appear from the recent level of bidding activity and our pipeline that the first half of 2012 should deliver continued, albeit moderating, growth. As has been the case in recent years, it is difficult to see too far ahead with sentiment in most markets still quite variable on a month to month basis. On the one hand, a robust retail and food sector, gradual improvement in the commercial and industrial segments, and relatively stable housing starts in the UK and North America, all augur well for the industry in general. However, this must be counter-balanced by the on-going threats posed by continuing global uncertainty, a persistent lack of credit and the curtailment of public sector capital programmes in most markets. In addition to this, quarter two will pose the challenge of passing through further raw material increases.

Most fundamentally a world evidently moving towards lower energy living will drive continued global growth in penetration of Kingspan's high performance insulation and building fabric solutions.

Gene M. Murtagh
Chief Executive Officer

27 February 2012

Holywell, UK
Kingspan Insulated Panels
Manufacturing Facility
Insulate & Generate

Stockton-on-Tees, UK
Onyx Headquarter
Benchmark

Financial Review

Overview of results

Group revenue increased by 30% to €1.55 billion (2010: €1.19 billion) and trading profit increased by 33% to €95.7m (2010: €72.0m) resulting in an improvement of 20 basis points in the Group's trading profit margin to 6.2% (2010: 6.0%). Basic EPS for the year was 37.1 cent, representing an increase of 27% (2010: 29.2 cent).

The Group's underlying sales and trading profit growth by division are set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	20%	-1%	-	+19%
Insulation Boards	9%	0%	76%	+85%
Environmental	19%	-1%	-	+18%
Access Floors	-4%	-2%	-	-6%
Group	**14%**	**-**	**16%**	**+30%**

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	41%	-	-	41%
Insulation Boards	15%	-1%	40%	54%
Environmental	646%	-2%	-	644%
Access Floors	-28%	-3%	-	-31%
Group	**25%**	**-1%**	**9%**	**+33%**

Finance costs

Finance costs for the year increased by €1.4m to €13.1m (2010: €11.7m). Finance costs include a credit of €0.6m (2010: €0.5m credit) in respect of the Group's legacy defined benefit pension schemes. In 2010 a net non-cash charge of €2.7m was incurred in respect of swaps on the Group's 2005 USD Private Placement. This item was significantly lower in 2011 following designation of the swap as a cashflow hedge in February 2010. On an underlying basis, excluding the impact of the non-cash charge on the swap in 2010, finance costs increased by €3.8m over the previous year. This reflects the impact of acquisitions during the year as well as the USD Private Placement entered into in August 2011. During 2011 the Group's average interest rate on gross debt increased by 40 basis points to 4.03% (2010: 3.63%) as a result of the impact of longer term financing associated with the August 2011 USD Private Placement initially used to repay lower interest revolving credit facility drawings.

Taxation

The tax charge for the year was €14.9m (2010: €6.6m) which represents an effective tax rate of 18% (2010: 11%) on earnings before amortisation. The increase in the effective tax rate is primarily due to the release of an adjusting credit of €8.5m in respect of prior years in 2010.

Dividends

The Board has proposed a final dividend of 6.5 cent per ordinary share payable on 17 May 2012 to shareholders registered on the record date of 27 April 2012. When combined with the interim dividend of 4.5 cent per share, the total dividend for the year increased to 11 cent (2010:10 cent), an increase of 10%.

Acquisitions

The Group's gross acquisition spend during 2011 was €130.3m, the key acquisition being CRH Insulation Europe for a consideration of €127.6m. The gross consideration in respect of this was offset by subsequent disposal proceeds of €23.0m. Further details in respect of the acquisition are set out in note 23.

Retirement benefits

The Group makes pension provision for current pensionable employees through defined contribution arrangements. The Group has two legacy defined benefit schemes which are closed to new members and to future accrual. The net pension deficit in respect of these schemes was €1.4m as at 31 December 2011 (31 December 2010: deficit of €1.6m).

Key performance indicators

The Group has a set of key performance indicators which are set out in the table below:

	2011	2010
Basis EPS growth	27%	2%
Sales growth	30%	6%
Trading margin	6.2%	6.0%
Free cashflow (€m)	76.9	39.9
Return on capital employed	10.0%	8.6%
Net debt/EBITDA	1.3x	1.2x

EPS growth

The growth in EPS is accounted for by the 33% increase in trading profit in the period combined with the earnings impact of acquisitions during the year. Sales growth of 30% (2010: 6%) was driven by price growth necessitated by the recovery of raw material price inflation as well as volume growth reflecting increased market penetration for the Group's products.

Trading margin by division is set out below:

	2011	2010
Insulated Panels	6.7%	5.6%
Insulation Boards	5.6%	6.7%
Environmental	3.3%	0.5%
Access Floors	10.2%	13.8%

The increase in the Insulated Panels division trading margin reflects operating leverage driven by the sales growth in the year of 19%. The underlying trading margin in Insulation Boards division was 7.0% excluding the impact of the acquisition. This reflects divisional sales growth in the year of 9% before the impact of the acquisition. The increase in the Environmental trading margin was due to the combined impact of sales growth of 18% and a reduction in the warranty charges associated with the legacy Borealis issue. The decrease in trading margin in Access Floors reflects the combined impact of lower volume in the year associated with the subdued office market and lower gross margin due to business mix.

Free cashflow is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Free cashflow	2011 €m	2010 €m
EBITDA*	133.6	107.6
Non-cash items	8.2	4.2
Movement in working capital	(17.0)	(40.5)
Capital expenditure	(23.6)	(15.8)
Pension contributions	(2.8)	(3.2)
Finance costs	(11.7)	(10.2)
Income taxes paid	(9.8)	(2.2)
Free cashflow	76.9	39.9

* Earnings before finance costs, income taxes, depreciation and amortisation

Working capital at year end was €188.6m (2010:€159.9m) and represents 12.2% of annual turnover (2010:13.4%). This metric is monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases for steel and chemicals.

Return on capital employed is calculated as operating profit divided by total equity plus net debt.

Net debt to EBITDA measures the ratio of debt to earnings and at 1.3x is comfortably less than the Group's banking covenant of 3.5x in both 2011 and 2010.

Financing

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes. The primary debt facility is a revolving credit facility with a syndicate of banks of €330m which matures in September 2013. The facility was undrawn at year end. In August 2011 the Group completed a US Private Placement loan note for $200m with a ten year bullet maturity expiring in August 2021. The Group has a pre-existing Private Placement for $200m entered into in 2005 of which $158m matures in 2015 with the balance of $42m expiring in 2017. The weighted average maturity of debt facilities at year end was 4.0 years (December 2010: 3.2 years).

The Group has significant available undrawn facilities which provide appropriate headroom for potential development opportunities.

Net Debt

Net debt increased by €49.3m during 2011 to €170.1m (2010: €120.8m). This is analysed in the table below:

Movement in net debt	2011 €m	2010 €m
Free cashflow	76.9	39.9
Acquisitions (net of disposal proceeds)	(107.0)	(0.2)
Share issues	0.5	0.5
Dividends paid	(17.3)	(6.8)
Cashflow movement	(46.9)	33.4
Exchange movements on translation	(2.4)	1.9
(Increase)/decrease in net debt	(49.3)	35.3
Net debt at start of year	(120.8)	(156.1)
Net debt at end of year	(170.1)	(120.8)

Key Financial Covenants

The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements:

- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum net debt to net interest coverage of 4 times

The performance against these covenants in the current and comparative year is set out below:

	Covenant	2011 Times	2010 Times
Net debt/EBITDA	Maximum 3.5	1.3	1.2
EBITDA/Net interest	Minimum 4.0	10.2	11.9

Financial Risk Management

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Geoff Doherty
Chief Financial Officer

27 February 2012

Birmingham, UK
College of Law
Benchmark

Principal Risks and Uncertainties

There are a number of risks and uncertainties that can impact the performance of the Group, some of which are beyond the control of Kingspan and its board. The Group's divisions closely monitor market trends and risks on an on-going basis. These trends and risks are the focus of monthly management meetings where each business unit's performance is assessed versus budget, forecast and prior year; key performance indicators are also used to benchmark operational performance for all manufacturing sites. Such meetings are rotated around the different locations of each business unit and at least two executive directors are present. An annual assessment of trends and risks is also an integral part of each business unit's annual review of its strategic plan and budget, which are submitted to the Group Board for consideration and approval. A combination of all of this, in what is a bottom up and top down approach, enables the Board to determine and assess the Group's risk environment.

The principal risks and uncertainties facing the Group are outlined below:

Commercial Risks

Market conditions

Kingspan's products are targeted at both the residential and non-residential (including retail, commercial, public sector and high-rise offices) construction sectors. As a result demand is dependent on activity levels in these respective segments, which vary by geographic market and are subject to the usual drivers of construction activity (i.e. general economic conditions and volatility, interest rates, business/consumer confidence levels, unemployment, population growth, etc.). While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for many of the Group's products. The exposure to the cyclicality of any one construction market is partially mitigated by the Group's diversification, both geographically and by product, and by the Group's portfolio of products, which are heavily oriented towards sustainable and energy efficient construction to meet a growing demand for energy efficient buildings and income generating energy solutions.

Input prices and availability

The Group's operating performance is impacted by the pricing and availability of its key inputs, which include steel and chemicals (the key chemicals are MDI and polyols). The pricing of such inputs can be quite volatile at times due to supply and demand dynamics and the input costs of the supply base. The Group manages the effect of such movements through a strong central procurement process, long-term relationships with suppliers, economic purchasing, multiple suppliers and inventory management. This process also allows the Group to manage the recent consolidation activity in many supplier markets, particularly steel, whereby the number of supply options has reduced and the Group continually mitigates this risk by avoiding over-reliance on a single supplier.

Competitive pressures

Kingspan continually faces competition in each of the markets in which it has a presence. The competitive environment in any one market is a function of a number of factors including the number of competitors, production capacity, the economic/demand characteristics of that market, the ease of imports from third countries and the availability of substitute products. While such competitive forces can impact profitability in the short-term, each of Kingspan's businesses looks to offset such adverse effects by:

(i) ensuring a low cost manufacturing base through economies of scale, investment in modern and efficient plant and a programme of continuous process improvement;

(ii) a permanent emphasis on product development which allows the Group's businesses to be leading edge providers of innovative building solutions and, therefore, helps to differentiate itself from competitors, and

(iii) providing a best in class service to customers by offering expert technical support, short delivery times and products that come with a guaranteed performance.

Customer credit risk

As part of the overall service package Kingspan provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Each business unit has established procedures and credit control policies around managing its receivables and takes action where necessary. Trade receivables are primarily managed by a sanction process backed up by credit insurance to the extent that it is available. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which the Group's Executive Directors are present. Control systems are in place to ensure that authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

At the year end, the Group was carrying a receivables book of €264.3m expressed net of provisions for default in payment. This represents a net risk of 17% of sales. Of these receivables approximately 65% were covered by credit insurance or other forms of collateral such as letter of credit and bank guarantees.

Principal Risks and Uncertainties

Research & development and quality control

A key risk to Kingspan's business and its reputation is the potential for functional failure of products when put to use, thereby leading to warranty costs and potential reputational damage. Quality control procedures in relation to both inputs and Kingspan's own manufactured products are therefore an essential part of the process before the product is delivered to the customer. Innovation is fundamental to the ethos of the Group and underpins its competitive advantage. With the support of external audits, quality control systems are reviewed and improved on an on-going basis to ensure each business is addressing the control environment around product and process development and the formal sign off from development to manufacturing. The majority of new products also go through a certification process which is undertaken by a recognised and reputable authority (for example, in the UK it is the Building Research Establishment, BRE) before it is brought to market. One percent of Group turnover is invested in innovation annually.

Acquisition & development

A key element of the Group's strategy is to grow the business through both broadening its product offering and geographic expansion through acquisition or large capital projects. Such development has associated risks in terms of valuation, timing, integration / set-up and management resources. All investment proposals undergo a rigorous evaluation process incorporating a detailed market / competitive analysis, strategic rationale, due diligence and pay-back evaluation which targets double-digit pre-tax returns by year two, in accordance with established criteria for approving investments.

Information technology and business continuity

Kingspan uses a range of information technology and decision support systems across its business units for efficient processing of orders, control procedures and financial management. These systems are constantly reviewed and updated to meet the needs of the Group. Business continuity and disaster recovery planning is regularly assessed and tested to ensure the Group is adequately resourced and maintains an appropriately robust environment including preventative processes on cybercrime. The loss of a significant manufacturing unit by accident or natural disaster is a material risk facing the Group. With 18 plants in the Panels Division and 15 plants in the Boards Division, one plant provides cover for another. This is further mitigated through consequential loss insurance and business continuity plans which are updated regularly.

Human Resources

People and teams and talent management are an integral part of Kingspan's business and are key to continuing progress at the Group. Competition for talent is significant both within the industry and beyond it. The Group attracts and retains its people through provision of on-going opportunity for career progress, training initiatives and continually identifying emerging managers and leaders within the Group including talent management and graduate recruitment programmes.

Legal & Regulatory Risk

Kingspan has expanded significantly over the last decade and the Group has manufacturing and distribution operations in 80 countries, each having its own statutes, taxes, regulations and laws. Each business unit closely monitors regulations across its markets to ensure any adverse impacts are minimised and managed. Certain changes are positive for the Group, in particular those pertaining to building and environment regulations which are becoming ever more stringent and harmonised across countries, especially in Europe, and as a result are increasing the demand for the Group's products. More recently, authorities in many countries have introduced grant aid for a number of the Group's sustainable and energy efficient products such as insulation and evacuated solar tubes. As the introduction of such assistance has been positive for some Kingspan businesses, any future withdrawal of such assistance may have a negative effect.

Financial Risks

Funding and liquidity risks

The Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to meet its liabilities when due. This is in addition to the Group's high level of free-cashflow generation. In addition, the Group ensures it has sufficient diversity and maturity in its funding base using a combination of syndicated debt and private placement markets.

Foreign exchange risk

Foreign exchange rates have undergone a period of volatility due to economic uncertainty and relative economic performance in different parts of the world. While the Group hedging policy attempts to mitigate this risk, a net exposure will remain to currencies which may depreciate against the Euro in future. The Group operates a centralised treasury model to mitigate foreign exchange risk.

Interest rate risk

The Group adopts a policy of ensuring that an appropriate proportion of its exposure to changes in interest rates on borrowings is covered by effective conversion to a fixed rate. Interest rate swaps are entered into to achieve an appropriate mix of fixed and floating exposure that is consistent with the Group's policy.

Taxation

Kingspan carries on significant levels of international trade with varying corporation taxation rates, regimes and tax structuring. The Group is exposed to any changes in rates or legislation changes which could increase the Group's effective tax rate.

Geoff Doherty
Chief Financial Officer

The Board

Chairman	
Eugene Murtagh (Age 69)	Eugene Murtagh is the non-executive Chairman of the Group. Skills & experience: He founded the business in the 1960's and has an unrivalled understanding of the Company, its business and ethos.
Executives	
Gene M. Murtagh (Age 40)	Gene Murtagh is the Group Chief Executive. He was appointed to the Board in 1999. Skills & experience: He was previously the chief operating officer from 2003 to 2005. Prior to that he was managing director of the Group's Insulated Panel business and of the Environmental business. He joined the Group in 1993, and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.
Geoff Doherty (Age 40)	Geoff Doherty is the Group Chief Financial Officer. He joined the Group, and was appointed to the Board, in January 2011. Skills & experience: Prior to joining Kingspan he was the chief financial officer of Greencore Group Plc, having previously worked in IWP International Plc, PricewaterhouseCoopers and BDO Simpson Xavier accountants in Dublin. He is a qualified chartered accountant with significant experience of financial management in an international manufacturing environment.
Peter Wilson (Age 55)	Peter Wilson is managing director of the Group's Insulation business. He was appointed to the Board in 2003. Skills & experience: He has been with the Group since 1981, has led the insulation division since 2001, and brings to the Board over 30 years knowledge and expertise of the insulation industry globally.
Russell Shiels (Age 50)	Russell Shiels is president of the Group's Access Floors and Insulated Panels businesses in North America. He was appointed to the Board in 1996. Skills & experience: He was previously managing director of the Group's Building Components and Raised Access Floors businesses in the UK. He has experience in many of the Group's key businesses. He brings to the Board his particular knowledge of the North American Building Envelope Market, as well as his understanding of the office and data centre market globally.
Gilbert McCarthy (Age 40)	Gilbert McCarthy is managing director of the Group's Insulated Panels businesses in the UK, Ireland, Western Europe and Australia. He was appointed to the Board in September 2011. Skills & experience: He has been with the Group for over 13 years, and was previously managing director of the Off-site division and general manager of the insulation board business. He brings to the Board his extensive knowledge of the building envelope industry, in particular in Western Europe and Australasia.
Non-executives	
Tony McArdle* (Age 63)	Tony McArdle joined the Board in 2003. He is appointed as the Senior Independent Director. Skills & experience: He was previously a director of Ulster Bank where he had been head of corporate banking and chief executive of retail banking as well as holding a number of other senior positions. He is a non-executive director of several large private companies, and he brings to the Board his wide ranging business and banking experience.
David Byrne* (Age 64)	David Byrne was appointed to the Board in 2005. Skills & experience: He served as EU Commissioner with responsibility for Health and Consumer Protection from 1999 to 2004. Prior to that, he served as Attorney General of Ireland from 1997 to 1999. Currently he is Deputy Chairman of DCC plc and Chairman of the Advisory Committee to the National Treasury Management Agency. He brings to the Board his considerable expertise in legal and risk oversight as well as his international experience.
Brian Hill* B.E., C.Eng., M.Eng.Sc., M.B.A. F.I.Mech.E., (Age 67)	Brian Hill joined the Board in 2005. Skills & experience: He was formerly a director of CRH Plc where he was Head of the Europe Products & Distribution division. He is also a non-executive director of Wavin NV. Throughout his career, he has gained tremendous knowledge and experience of the European construction industry.
Helen Kirkpatrick* B.A., F.C.A. (Age 54)	Helen Kirkpatrick joined the Board in 2007. Skills & experience: She is also a non-executive director of UTV Media Plc and of a number of private and not for profit companies, and was formerly a non-executive director of the International Fund for Ireland, Enterprise Equity and NI-CO Ltd. She is a fellow of the Institute of Chartered Accountants in Ireland and is a member of the Chartered Institute of Marketing. She brings her considerable financial and business acumen to the Board and to the Audit Committee.
Danny Kitchen* B.Sc., F.C.C.A. (Age 59)	Danny Kitchen rejoined the Board in 2009, having previously been a director of Kingspan from 1994 to 2003. Skills & experience: He is also appointed by the Irish Stock Exchange as its nominated director on the Irish Takeover Panel, and is a non-executive director of LXB Retail Properties plc, and non-executive chairman of Workspace plc. Previously, he held a number of senior executive positions including Finance Director of Green Property plc from 1994 to 2002 and Deputy CEO of Heron International Limited from 2003 to 2008. He brings to the Board his extensive experience of the UK property and finance markets.
Kieran Murphy* M.A., Dip Music (Age 53)	Kieran Murphy was appointed to the Board in March 2012. Skills & experience: He is a partner in Gleacher Shacklock LLP, having previously been managing director corporate finance in Kleinwort Benson/ Dresdner Kleinwort. He is currently a non-executive director of Aliaxis S.A. and an independent member of the Council of City University, London. During his career, he has gained particular expertise in the building and construction sector, including advising on several of Europe's landmark deals.
Secretary	
Lorcan Dowd (Age 43)	Lorcan Dowd was appointed Group Company Secretary in 2005. Skills & experience: He qualified as a solicitor in 1992. Before joining the Group he was Director of Corporate Legal Services in PricewaterhouseCoopers in Belfast, having previously worked in private practice.

* Independent

Report of the Directors

The Directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2011.

Principal activities

Kingspan is a leading provider of low energy building solutions. Kingspan Group Plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural facades, raised access floors, engineered timber systems, environmental management systems, sustainable water and renewable energy solutions.

Results and dividends

Group turnover was €1,546.9m (2010: €1,193.2m), operating profit was €90.9m (2010: €67.4m), and earnings per share were 37.1 cent (2010: 29.2cent).

An interim dividend of 4.5 cent per share was paid to shareholders on 23 September 2011 (2010: 4.0 cent). The Directors are recommending a final dividend of 6.5 cent per share for the year ended 31 December 2011 (2010: 6.0 cent), giving a total dividend for the year of 11 cent (2010: 10.0 cent). The final dividend (if approved at the Annual General Meeting) will be paid on 17 May 2012 to shareholders on the register at close of business on 27 April 2012.

The Group's key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2011 are set out in detail in this Annual Report. Other non-financial performance indicators relating to waste management and employee health and safety are referred to in the Corporate Social Responsibility Statement in this Annual Report.

Business review

The Chief Executive's Review and the Financial Review set out management's review of the Group's business during 2011. The key points include:

- Revenue up 30% to €1.55 billion, an increase of 14% excluding acquisitions
- Trading profit up 33% to €95.7m, an increase of 24% excluding acquisitions
- Full recovery of raw material cost increases of approximately €60m
- The acquisition and integration of the CIE insulation business, significantly strengthening the Group's Mainland European presence. Insulation Boards divisional revenues grew by 85% to €460m (up 9% excluding the acquisition)
- Strong volume growth in Insulated Panels across most regions, demonstrating continued growth in penetration, with revenue up 19% to €758m
- Solid performance in Access Floors, despite acute weakness in the office construction market worldwide. Divisional sales decreased by 6% to €126m
- Return to profit growth at Environmental reflecting divisional sales growth of 18% to €202m with particularly buoyant sales in Mainland Europe
- Successful completion of a ten year \$200m Private Placement in August 2011 extending the weighted average maturity of the Group's debt facilities to 4.0 years

Research & development

The Group places considerable emphasis on research and development of existing and new products and on the improvement of the production process, focused primarily on extending competitive advantage. In the year ended 31 December 2011, the Group's research and development expenditure amounted to €12.2m (2010: €9.1m). Research and development expenditure is generally written off in the year in which it is incurred. During 2011 Kingspan's continued investment in research and development ranged from evolutionary developments to fundamental advancements in basic materials. Key projects included:

- Next Generation Insulation, dramatically improving thermal performance, and due for launch in 2012.
- Integrated Solar Powerpanel®, combining the structural and thermal qualities of the Insulated Panel together with vacuum integrated solar cells. This product should be launched during 2013.
- A 15kW micro wind turbine, to complement the current 3kW and 6kW units, again due for launch in 2013.

Corporate governance

The Directors are committed to achieving the highest standards of corporate governance. A statement describing how the principles of good governance set out in the new UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex is included in this Annual Report.

Corporate Social Responsibility

Kingspan recognises the importance of conducting its business in a socially responsible manner. The Corporate Social Responsibility statement in this Annual Report gives details of many of the projects that are on-going across the Group, with further details available on the Group's website www.kingspan.com (in the section "Our Responsibilities").

Directors and secretary

The Directors and secretary of the Company at the date of this report are as shown in this Annual Report. Geoff Doherty was appointed as an executive director with effect from 4 January 2011, and Gilbert McCarthy was appointed as an executive director with effect from 1 September 2011. Dermot Mulvihill retired as an executive director on the 12 May 2011, and Noel Crowe retired as an executive director on the 31 August 2011. Since the year end, Kieran Murphy was appointed as a non-executive director with effect from 1 March 2012. Danny Kitchen has announced his intention to retire as a non-executive director at the conclusion of this year's Annual General Meeting.

Directors' & secretary's interests in shares

The beneficial interests of the Directors and secretary and their spouses and minor children in the shares of the Company at the end of the financial year are as follows:

	31 Dec. 2011	31 Dec. 2010
Eugene Murtagh	35,120,000	35,120,000
Gene M. Murtagh	1,128,103	1,128,103
Geoff Doherty*	150,000	-
Russell Shiels	353,307	353,307
Peter Wilson	232,498	232,498
Gilbert McCarthy**	105,329	105,329
Tony McArdle	35,000	30,000
Helen Kirkpatrick	26,000	17,511
Brian Hill	11,000	11,000
David Byrne	3,000	3,000
Danny Kitchen	3,000	3,000
Lorcan Dowd	3,384	2,672
	37,170,621	37,006,420

* appointed 04/01/2011
**appointed 01/09/2011

Details of the Directors' and secretary's share options at the end of the financial year are set out in the report of the Remuneration Committee.

As at 27 February 2012, there had been no changes in the Directors' and secretary's interests in share since 31 December 2011.

Share capital

The Company's total authorised share capital comprises 220,000,000 ordinary shares of €0.13 each. At the 31 December 2011 the Company's total issued share capital comprised 171,877,079 ordinary shares of €0.13 each, of which the Company held 4,938,257 treasury shares. All ordinary shares rank *pari passu*, and the rights attaching to the ordinary shares (including as to voting and transfer) are as set out in the Company's articles of association ("the Articles"). There are no unusual restrictions on voting rights except in circumstances where a Specified Event (as defined in the Articles) shall have occurred and the directors have served a restriction notice on the shareholder. The directors may decline to register any transfer of a partly-paid share to a person of whom they do not approve. The directors may also decline to register any transfer of a share on which the Company has a lien. Subject to the Articles, any member may transfer all or any of his uncertificated shares in the manner provided for in the CREST Regulations. The directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

The directors are currently authorised to issue a number of shares equal to the authorised but as yet unissued share capital of the Company under an authority that was conferred on them at the Annual General Meeting held on 12 May 2011. The directors are also authorised to disapply the strict statutory pre-emption provisions relating to the issue of new equity for cash, provided that the disapplication is limited to the allotment of equity securities in connection with any rights issue or any open offer to shareholders, or the allotment of shares not exceeding in aggregate 5% of the nominal value of the Company's issued share capital. Both these authorities expire on 10 May 2012 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 10 May 2012.

At the Annual General Meeting held on 12 May 2011, shareholders passed a resolution giving the Company, or any of its subsidiaries, the authority to purchase up to 10% of its own shares, subject to the restrictions set out in that resolution.

At the Annual General Meeting to be held on 10 May 2012, shareholders are being asked to renew this authority. The directors do not have any current intention to exercise the power to purchase the Company's own shares.

The Company's Standard Share Option Scheme, Long Term Incentive Plan and Performance Share Plan, each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

Report of the Directors

The Directors have been notified of the following substantial shareholdings in the Company:

Notification Date	Institution	Shares held	%
28.06.10	Generation Investment Management LLP	21,692,309	13.04%
03.12.10	Investec Asset Management	8,630,397	6.33%
27.02.12	Prudential	9,763,980	5.84%
16.05.11	Governance for Owners LLP	8,430,858	5.06%
03.02.12	Invesco Limited	6,713,044	4.02%

Shareholder analysis as at 31 December 2011

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	3,075	58.41	1,528,383	0.89
1,001 - 10,000	1,846	35.06	5,495,117	3.2
10,001 - 100,000	247	4.7	7,349,800	4.27
100,001 - 1,000,000	70	1.32	24,263,458	14.12
Over 1,000,000	27	0.51	133,240,321	77.52
	5,265	100	171,877,079	100

Accounting records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The Directors have appointed suitable accounting personnel, including a professionally qualified Finance Director, in order to ensure that those requirements are complied with. The books and accounting records of the Group and Company are maintained at the principal executive offices located at Dublin Road, Kingscourt, Co. Cavan.

Conflicts of interest

Save as set out in this Annual Report, none of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company or any of its subsidiaries nor in the share capital of the Company or any of its subsidiaries.

Political donations

Neither the Company nor any of its subsidiaries have made any political donations in the year which would be required to be disclosed under the Electoral Act 1997.

Subsidiary companies

The Group operates from 48 manufacturing sites, and operations in over 80 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2011, country of incorporation and nature of business are listed in Note 35 of the financial statements.

Outlook

The Board fully endorses the outlook ("Looking Ahead") expressed by the Chief Executive in his Review.

Significant events since year end

There have been no significant events since the year end.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group's business are as detailed in the Principal Risks and Uncertainties section of this Annual Report. In particular the principal risks include:

- Market conditions in the construction sector and volatility in the macro-economic environment;
- Research and development and quality control;
- Acquisition and development;
- Human resources;
- Legal and regulatory risk.

Going concern

The Directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of this Annual Report, and considered its net debt position, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally. On the basis of this review the Directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's and the Group's ability to continue as a going concern. For this reason, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Auditors

During the financial year Grant Thornton resigned as the Company's auditors and the Directors appointed KPMG, Chartered Accountants, as auditors in accordance with Section 160 (7) of the Companies Act, 1963. In accordance with Section 160(2) of of that Act the Company's auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board
Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer

27 February 2012

Report of the Remuneration Committee

Composition of the Remuneration Committee

Responsibility for determining the levels of remuneration of the executive directors has been delegated by the Board to the Remuneration Committee. The terms of reference of the Remuneration Committee are available for inspection on the company's website www.kingspan.com.

Membership of the Remuneration Committee comprises four non-executive directors, David Byrne (committee chairman), Brian Hill, Helen Kirkpatrick and Danny Kitchen. The Chairman and Chief Executive are invited to attend committee meetings when deemed appropriate.

Responsibilities of the Remuneration Committee

The role of the Remuneration Committee is to ensure that the remuneration policy attracts, retains and motivates the executive directors, and links rewards to corporate and individual performance and enhanced shareholder value. The principal terms of reference of the Remuneration Committee are:

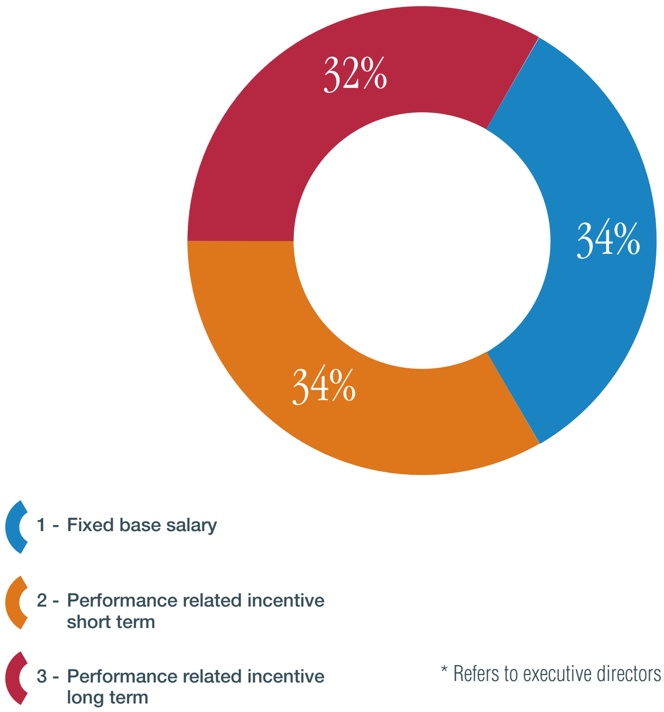
- to establish the remuneration policy applicable to the executive directors to encourage an enhanced performance, and reward individuals for their contribution to the success of the Group;
- to agree annually the remuneration package for each of the executive directors, including bonuses and other incentive arrangements;
- to approve the grant of share options/ awards to executive directors;
- to determine the policy and scope of pension arrangements for the executive directors;
- to set performance objectives for the Chief Executive and other executive directors;
- to report to shareholders on the committees work and compliance with the UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

Policy on remuneration of Executive Directors

In setting remuneration levels the Remuneration Committee aims to ensure that the executive directors' remuneration reflects market rates, and takes into consideration the remuneration practices of other Irish and European quoted companies of similar size and scope.

The bonus and share option incentives are designed to support the Group strategy and provide rewards for achieving objectives that will increase shareholder value. The Remuneration Committee considers that a significant proportion of the executive directors' total package, is linked to corporate and individual performance. The individual directors' packages are reviewed annually by the Remuneration Committee, having regard to personal performance, competitive market practice and comparative information.

Executive Directors' Remuneration Mix*



* Refers to executive directors as at 31/12/11

Activities of the Remuneration Committee

During the year the committee met on five occasions.

Following on from the full review of Kingspan's overall remuneration policy which the committee carried out in 2010 in accordance with the EU Recommendations on Directors' Remuneration, the committee engaged Mercers, a leading firm of independent consultants, to carry out a benchmark report of the executive directors' basic and total remuneration packages for 2011. The benchmarking was carried out against comparator companies from both the ISEQ as well as the wider industry peer group referenced in the Performance Share Plan.

Having regard to this benchmark report, the committee agreed the 2011 remuneration package for each of the executive directors. The various elements of the package comprise the following:

- **Basic salary.** The committee considered the benchmark report and macro-economic conditions more generally, and except in the case of two individuals, it agreed that there would be no increase in the base salaries of the executive and non-executive directors for 2011, which remained frozen at 2008 levels. In the case of Russell Shiels and Peter Wilson the committee determined that both executives merited an increase having regard to the changes in their respective divisional responsibilities since last review.
- **Benefits.** In addition to their base salaries, executive directors' benefits include health insurance and the use by the executive directors of company cars, in line with other industry peers.
- **Performance related bonus.** Executive directors receive bonus payments of up to 100% of base salary based on the attainment of stretching annual performance targets set at the start of each year by the Remuneration Committee, with bonuses paid on a sliding scale if the targets are met. In 2011, the committee selected performance targets which were a combination of Group EPS growth and divisional profit targets, with maximum bonus being paid on the achievement of 120% of target. The bonus earned by each director during the year is set out in the remuneration summary below. There are no arrangements in place to recover payment of performance related remuneration.
- **Pension scheme.** The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base salary only. Contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement. During the year the committee reviewed the pension arrangements pertaining to all executive directors, and determined to increase the company contributions paid to Gene Murtagh and Gilbert McCarthy's defined contribution schemes to bring them more in line with industry norms.

Remuneration summary for 2011

Executive directors	Basic Salary €'000	Benefit in kind and other allowances[1] €'000	Performance related bonus €'000	Pension contributions[2] €'000	Payment on termination €'000	2011 Total €'000	2010 Total €'000
Gene M. Murtagh	635	25	635	95	-	**1,390**	1,391
Geoff Doherty[3]	490	28	490	123	-	**1,131**	-
Russell Shiels[4]	292	29	292	116	-	**729**	729
Peter Wilson[4]	270	14	270	142	-	**696**	667
Gilbert McCarthy[5]	250	3	250	38	-	**541**	-
Dermot Mulvihill[6]	279	21	-	406	400	**1,106**	1,470
Noel Crowe[7]	257	14	-	309	201	**781**	451
	2,473	134	1,937	1,229	601	**6,374**	4,708
Charge to Consolidated Income Statement for share options and awards						**3,053**	1,035
						9,427	5,743

1 Benefits relate to health insurance premiums and the use by directors of company cars.

2 All executive directors participate in defined contribution pension schemes operated by the Group.

3 Geoff Doherty was appointed as executive director on 4 January 2011. He was conditionally awarded 150,000 ordinary shares on 29 November 2011, to compensate him for deferred rights forgone from his previous employer on joining Kingspan. The market price at which the shares were awarded was €6.00 per share. There are certain restrictions in place on Mr Doherty disposing of these shares, and claw back arrangements are in place should he leave Kingspan before 31 December 2013.

4 The 2011 salaries and remuneration have been converted to Euro at the following rates USD: 1.394 STG: 0.868:
Russell Shiels' basic salary was $407,400 (2010:$388,000);
Peter Wilson's basic salary was £234,000 (2010: £220,000).

5 Gilbert McCarthy was appointed as executive director on 1 September 2011.

6 Dermot Mulvihill retired as a director on 12 May 2011 and retired from his executive role on 31 August 2011. He was awarded 148,760 ordinary shares on 25 August 2011 in satisfaction of a prior contractual obligation to Mr Mulvihill. The market price at which the shares were awarded was €6.05 per share.

7 Noel Crowe resigned as a director on 31 August 2011 and resigned from his executive role on 11 November 2011.

Non-executive directors	2011 Fees €'000	2011 Pension €'000	2010 Fees €'000	2010 Pension €'000
Eugene Murtagh	**191**	**143**	191	143
Tony McArdle	**70**	**-**	70	-
David Byrne	**70**	**-**	70	-
Brian Hill	**70**	**-**	70	-
Helen Kirkpatrick	**70**	**-**	70	-
Danny Kitchen	**70**	**-**	70	-
Brendan Murtagh[1]	**-**	**-**	29	-
	541	**143**	570	143

1 Brendan Murtagh retired as a non-executive director on 13 May 2010.

- **Share options.** Executive directors are entitled to participate in the several Group share option and long-term incentive schemes, details of which are set out below. Participation in the schemes is subject to individual award limits which were approved by shareholders, and comply with IAIM guidelines. During the year the committee reviewed the extent to which the vesting targets in respect of each of the schemes had been met, and also reviewed the appropriateness of the peer group used in determining the relative TSR performance of the Company.

During the year the committee also met to approve the remuneration package of Geoff Doherty who was appointed to the Board in January 2011, and the termination packages of Dermot Mulvihill and Noel Crowe who left Kingspan in August and November 2011 respectively.

Service contracts

No director has a service contract in excess of one year.

Non-executive directors

The non-executive directors each receive a fee which is set by the Remuneration Committee on advice from the independent professional advisors, and reflects the time commitment involved in the performance of their duties. The non-executive directors do not have service contracts and do not participate in any bonus or share option schemes. The non-executive directors do not receive any pension or other benefits apart from Mr Eugene Murtagh in respect of whom the Company paid a contribution to his personal pension scheme.

Performance Share Plan

The Performance Share Plan (PSP), approved by shareholders in May 2008, rewards the performance of managers and executives based on the overall performance of the Group, thus aligning the interests of management and executive directors with the interests of shareholders. The PSP has replaced the Standard Share Option Scheme and the Long-Term Incentive Plan which have both now expired. Under the terms of the PSP, performance shares are awarded to the executive directors and senior management team. The performance shares will vest after three years only if certain stretching performance criteria are achieved over the vesting period.

These conditions are:

- Up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 3.5% (below which no performance shares will vest) and CPI plus 7% (where all will vest);
- Up to 50% of the award will vest (on a sliding scale) on achievement of total shareholder return (TSR) compared to a selected peer group, where no performance shares vest if performance is below the median and 50% vest if performance is at or above 75th percentile point, compared with the selected peer group.
- A further Exceptional Performance Award (not exceeding 25% of any individual's total award) can be awarded which only vests (on a sliding scale) if the Company's TSR ranking is above the 75th percentile point compared with the selected peer group.

The maximum value of any PSP Award may not, at the date of grant, in the case of the Chief Executive exceed 125% of base salary, and in the case of other employees exceed such lower percentage as may be determined by the Remuneration Committee. The percentage of share capital which can be issued under the PSP complies with IAIM guidelines, and may not, when aggregated with all other options or awards granted over the preceding 10 year period, exceed 10% of the issued share capital of the Company (or 3% over 3 years).

The TSR peer group selected for the PSP comprises the following companies:

CRH Plc	SIG Plc
Dyckerhoff AG	Travis Perkins Plc
Geberit AG	Uponor Corp
Grafton Group Plc	Uralita SA
Lafarge SA	Vicat SA
Marshalls Plc	Wavin NV
Rockwool Intl. A/S	Wienerberger AG
Saint Gobain	

During the first cycle of PSP Awards from 2009 to 2011, Kingspan has ranked in top quartile of the TSR peer group.

Standard Share Option Scheme

Since May 2008, no more options can be awarded under the Standard Share Option Scheme, but options awarded before that date can be exercised in accordance with the conditions under which they were granted, up to ten years after the date of grant.

Such options are exercisable only when earnings per share (EPS) growth in the three year period commencing with the accounting period in which the options were granted (or any subsequent period), exceeds CPI by at least 2% per annum compound. Grants of options under the Standard Share Option Scheme were awarded at the market price of the Company's shares at the time of the grant. Over the life of the Standard Share Option Scheme the total number of options granted, net of options lapsed, amounted to 5.19% of the issued share capital of the Company. Details of the options granted to the executive directors under the Standard Share Option Scheme are set out in the table later in this Remuneration Report.

During the year, the committee determined that the options granted pursuant to the Standard Share Option Scheme in 2007 and 2008 had lapsed in full without vesting by reason of having failed to achieve the performance conditions.

Long-Term Incentive Plan

Since May 2011, no more options can be awarded under the long-term incentive plan (LTIP), and none were granted in 2011, but options awarded before that date can be exercised in accordance with the conditions under which they were granted, up to seven years after the date of grant. Share options granted to an individual under the terms of the LTIP are exercisable only if certain stretching performance criteria are achieved in the three year period commencing with the accounting period in which the options were granted. These conditions are:

- EPS growth must increase by at least CPI plus 10% per annum compound over the three years; and
- For 100% of the award to vest, EPS growth must be at or above the 75th percentile compared to a selected peer group of companies. If EPS growth is at the 25th percentile point, 50% of the award will vest, and if EPS growth is between the 25th and 75th percentile point, between 50% and 100% of the award will vest on a sliding scale. If EPS growth is below the 25th percentile point the shares do not vest.

During the year the committee determined that the LTIPs granted in 2008 had lapsed in full without vesting by reason of having failed to achieve the performance conditions. Over the life of the plan the total number of LTIPs granted, net of LTIPs lapsed, amounted to 0.28% of the issued share capital of the Company. Details of the LTIPs granted to the executive directors are set out in the table later in this Remuneration Report.

Details of share options granted to the directors and secretary under the Standard Share Option Scheme, the Long-Term Incentive Plan and the Performance Share Plan

Director	At 31 Dec 2010	Granted during year	Exercised or lapsed during year	At 31 Dec 2011	Option price €cent	Average option price €cent	Earliest exercise date	Latest expiry date
Gene M. Murtagh								
Standard Share Option Scheme	200,000			200,000	565		23/09/2007	23/09/2014
	36,195			36,195	1090		05/09/2008	05/09/2015
	48,115			48,115	1418		05/09/2009	05/09/2016
	93,650		(93,650)[1]		1900			
	80,000		(80,000)[1]		810			
	457,960		**(173,650)**	**284,310**		776		
Long Term Incentive Plan	**70,000**		**(70,000)[2]**	**-**	13	13		
Performance Share Plan	48,604[3]	25,000[3]		73,604	13		27/03/2012	02/03/2020
	243,214	100,000		343,214	13		27/03/2012	02/03/2020
	291,818	**125,000**		**416,818**	13	13		
Dermot Mulvihill[4]								
Standard Share Option Scheme	115,000			115,000	565		23/09/2007	23/09/2014
	10,856			10,856	1090		05/09/2008	05/09/2015
	29,930			29,930	1418		05/09/2009	05/09/2016
	90,000		(90,000)[1]		1900			
	50,000		(50,000)[1]		810			
	295,786		**(140,000)**	**155,786**		403		
Long Term Incentive Plan	**57,864**		**(40,000)[2]**	**17,864**	13	13	05/09/2008	05/09/2012
Performance Share Plan	**158,295**		**(42,754)**	**115,541**	13	13	27/03/2012	02/03/2020
Geoff Doherty								
Performance Share Plan		**56,000**		**56,000**	13	13	01/03/2014	01/03/2018

Director	At 31 Dec 2010	Granted during year	Exercised or lapsed during year	At 31 Dec 2011	Option price €cent	Average option price €cent	Earliest exercise date	Latest expiry date
Russell Shiels								
Standard Share Option Scheme	50,000			50,000	565		23/09/2007	23/09/2014
	22,571			22,571	1090		05/09/2008	05/09/2015
	15,562			15,562	1418		05/09/2009	05/09/2016
	70,000		(70,000)[1]		1900			
	32,461		(32,461)[1]		810			
	190,594		**(102,461)**	**88,133**		850		
Long Term Incentive Plan	**30,000**		**(30,000)[2]**	**-**	13	13		
Performance Share Plan	**109,400**	**38,000**		**147,400**	13	13	27/03/2012	02/03/2020
Peter Wilson								
Standard Share Option Scheme	97,014			97,014	565		23/09/2007	23/09/2014
	11,884			11,884	1090		05/09/2008	05/09/2015
	20,462			20,462	1418		05/09/2009	05/09/2016
	70,000		(70,000)[1]		1900			
	10,742		(10,742)[1]		810			
	210,102		**(80,742)**	**129,360**		748		
Long Term Incentive Plan	**30,000**		**(30,000)[2]**	**-**	13	13		
Performance Share Plan	**109,400**	**38,000**		**147,400**	13	13	27/03/2012	02/03/2020
Gilbert McCarthy								
Standard Share Option Scheme	10,000			10,000	330		18/09/2006	18/09/2013
	20,000			20,000	565		23/09/2007	05/09/2014
	15,277			15,277	1090		05/09/2008	05/09/2015
	25,000			25,000	1418		05/09/2009	05/09/2016
	24,939		(24,939)[1]		1920			
	2,130		(2,130)[1]		1782			
	8,090		(8,090)[1]		799			
	105,436		**(35,159)**	**70,277**		949		
Long Term Incentive Plan	**15,000**		**(15,000)[2]**	**-**	13	13		
Performance Share Plan	**71,800**	**33,000**		**104,800**	13	13	27/03/2012	02/03/2020
Company Secretary								
Lorcan Dowd								
Standard Share Option Scheme	7,638			7,638	1090		05/09/2008	05/09/2015
	10,000			10,000	1418		05/09/2009	05/09/2016
	15,000		(15,000)[1]		1900			
	15,000		(15,000)[1]		810			
	47,638		**(30,000)**	**17,638**		1276		
Long Term Incentive Plan	**7,000**		**(7,000)[2]**	**-**	13	13		
Performance Share Plan	**42,600**	**14,000**		**56,600**	13	13	27/03/2012	02/03/2020

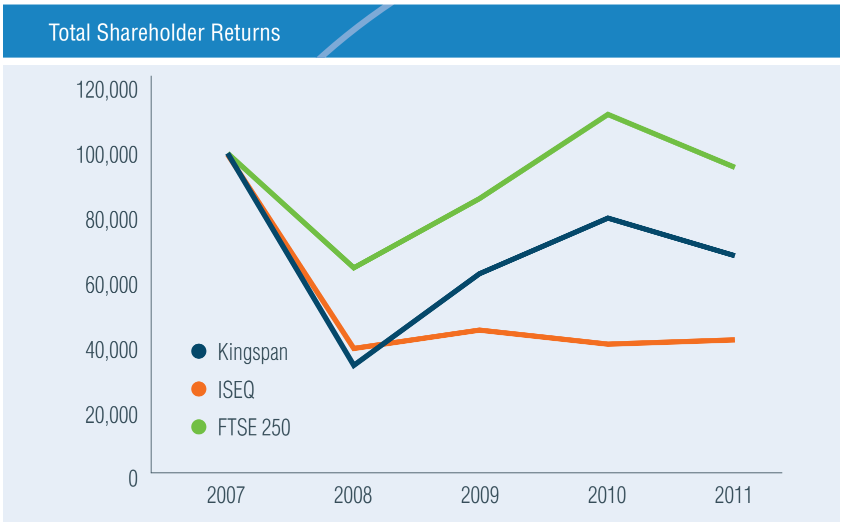
The closing price for Kingspan's shares on 31 December 2011 was €6.36, and the Company's shares traded between the range of €5.65 and €7.70 during the year.

1 Lapsed on 31/12/2011
2 Lapsed on 12/05/2011
3 Exceptional Performance Award
4 Resigned as a Director 12/05/2011

Report of the Remuneration Committee

Performance graph

This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 350 Indices over the five-year period to 31 December 2011.



Say on pay

In accordance with Kingspan's commitment to best practice corporate governance and shareholder engagement, the Board, on the recommendation of the Remuneration Committee, will put this report of the Remuneration Committee to an advisory vote at the forthcoming Annual General Meeting of the Company.

Compliance

This report has been prepared having regard to the provisions of Section B of the UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

David Byrne
Chairman, Remuneration Committee

Report of the Audit Committee

Composition of the Audit Committee

The Board has established an Audit Committee, the terms of reference of which are available for inspection on the company's website www.kingspan.com.

The Audit Committee comprises five independent non-executive directors including the Senior Independent Director. The chairman of the committee, Helen Kirkpatrick B.A., F.C.A., has appropriate recent and relevant financial experience. During the year, the committee met 6 times. The external auditors attended these meetings as required and have direct access to the committee at all times. The Chief Financial Officer and Head of Internal Audit attended each meeting and other Group executives attend these meetings as and when required. The committee also met the external auditors without management present to discuss matters relating to its remit and any issues arising from the audit generally. The committee also periodically meets the Head of Internal Audit independent of Group management.

The Head of Internal Audit reports directly to the Chairman of the Audit Committee and both internal audit and external auditors have direct access to the committee chairman at all times.

Responsibilities of the Audit Committee

The main responsibilities of the Audit Committee include:

- Monitoring the integrity of the Group's Financial Statements and reviewing significant financial reporting judgements contained in them;
- Reviewing the Group's internal controls and risk management systems;
- Monitoring and reviewing the effectiveness of the Group's internal audit function;
- Making recommendations to the Board in relation to the re-appointment or, if considered appropriate, removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- Monitoring the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- Determining policy for the engagement of the external auditors to supply non-audit services;
- Reporting to the Board, identifying any matters in respect of which it considers that action is needed and making recommendations as to the steps to be taken.

Activities of the Audit Committee

During the year, the committee discharged its responsibilities in the following manner:

Integrity of the financial statements

The committee reviewed prior to their release, the preliminary statement of annual results and questioned the external auditor and the Group Chief Financial Officer on these. It compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results. It received a report from the external auditors at that meeting identifying any accounting or judgemental issues arising from the audit requiring its attention and it considered the management representation letters requested by the auditors for any non-standard issues and monitored action taken by management as a result of any recommendations.

The committee also reviewed prior to their release, the half-year results and compared the results with management accounts and budgets, focusing on financial controls, and key areas of judgement.

It reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis.

External auditors

In early 2011 the committee carried out a procurement exercise for the external audit function. The committee invited proposals from five leading international accounting firms, three of which were short-listed to present their proposals to the Audit Committee. The committee assessed each proposal against a number of criteria, including understanding of the business, approach to audit, the audit firm's global reach, and fees. The proposed audit fees were benchmarked against audit fees incurred by peer listed companies. As a result of this process the committee recommended to the Board the appointment of KPMG as external auditors, and they were appointed with effect from 17 June 2011. The committee nonetheless acknowledges Grant Thornton's long association with Kingspan, and thanks them for their advice and service to the Company during that time.

Prior to commencement of the audit, the committee approved the external auditors' work plan and resources, and agreed with the auditors various key areas of focus. Following completion of the 2011 audit, the committee will carry out a review of the effectiveness of the external auditors and the audit process including the quality of the reports and advice provided to the committee and their level of understanding of the Group's business. The review will include discussions with both Group management and the external auditors, and feedback provided by divisional management.

The committee obtained confirmation from the external auditors that in their professional judgement they are independent from the Group.

Report of the Audit Committee

The committee ensured that the independence of the external audit was not compromised by obtaining an account of all relationships between the external auditors and the Group, and by reviewing the economic importance of the Group to the external auditors by monitoring the audit fees as a percentage of total fee income generated from the relationship with the Group.

The committee has adopted a policy on the provision of non-audit services by the external auditors that are not, or are not perceived to be, in conflict with auditor independence, provided that they have the skills and integrity to carry out the work and are considered subject to Group policy to be the most appropriate to undertake such work in the best interests of the Group. All non-audit services proposed to be undertaken by the firm must be notified to and approved by the audit partner, certain services such as tax compliance and services costing below a de minimus amount are pre-approved, whereas all other non-audit services must be approved by the committee in accordance with the terms of its policy.

Internal audit

The committee reviewed the annual internal audit plan, and considered the reports from the internal auditors and management responses to such reports together with action points arising from them. During the latter part of the year the committee engaged external recruitment consultants to fill the role of Head of Internal Audit which had become vacant. A suitably qualified and experienced candidate was identified and appointed who will be taking up the role in the first half 2012. The committee also approved the recruitment of additional resource to the internal audit function to support the financial risk management controls across the Group's growing businesses.

As part of the annual risk assessment, the committee assessed the risks to the Group under the following headings: business; financial; compliance; human resources; operational; inventory; research & development / quality control; purchasing; sales; fixed assets; IT; and other. The risk analysis was carried out by internal audit in conjunction with the businesses, and the management's responses to the identified risks were considered by the committee. The principal risks facing the business identified by the Committee are included in the Principal Risks & Uncertainties in this Annual Report.

The Group has a Code of Conduct, setting the standard by which all employees across the Group are expected to conduct themselves. The Code of Conduct is available on the Group's website www.kingspan.com. Reporting procedures have been adopted and notified to all employees, and staff are encouraged to raise any concerns about possible improprieties or breaches of the Code of Conduct in any area of the Group, either to management, or through a confidential phone service which has been established for the purpose. All breaches are then reported to the Head of Internal Audit, who reports to the committee.

Internal controls

The Board has overall responsibility for the Group's system of internal control and has delegated responsibility for the implementation of this system to executive management. This delegation ensures the embedding of the system of internal control throughout the Group's operations, and ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported quickly to appropriate levels of management. Such a system of internal control by its nature is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The key elements of the Group's system of internal control include the following:

- a clearly defined organisation structure with formal lines of authority, accountability and responsibility;
- a formal schedule of matters specifically reserved for decision by the Board;
- regular assessment of major business, investment and financing risks;
- a comprehensive annual budgeting process and a review by the Board of actual performance compared with budget on a monthly basis;
- clearly defined and appropriate levels of authorisation for all transactions;
- the Audit Committee and the internal audit function;
- the chairman of the Audit Committee reports to the Board on significant issues considered by the committee, and the minutes of its meetings are circulated to all Board directors;
- Systematic monitoring and assessment of risk areas through management and Board reviews.

In addition, those internal controls that relate specifically to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Statement in this Annual Report.

The committee conducted on-going reviews of the effectiveness of the system of internal control throughout the year. During the year, internal audit carried out reviews of internal controls across all divisions covering a number of identified areas of risk, and these reviews were discussed and managements responses were considered by the committee to obtain assurance on specific areas of internal control and not merely reporting by exception.

In addition the committee requested the external auditors to carry out a comprehensive business controls review, across all the businesses in parallel to the half-year review. This review produced a detailed report on the internal control system across the Group and highlighted any significant control weaknesses. This has been discussed with management in each of the businesses and a robust remediation strategy is being implemented across any areas identified, which is being overseen by the Group Chief Financial Officer with regular progress reports back to the committee.

Compliance

This report has been prepared having regard to the provisions of Section C of the UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

Helen Kirkpatrick
Chairman, Audit Committee

Corporate Governance Statement

Kingspan is committed to applying the principles of best practice corporate governance to facilitate effective, entrepreneurial and prudent management and to drive the long-term success of the Company. This statement describes how the principles of the UK Corporate Governance Code (June 2010), as enhanced by the Irish Corporate Governance Annex, have been applied by the Company throughout 2011.

The Board

The Board of the Company is responsible for the leadership, strategic direction and overall management of the Group. It sets the Company's strategic aims, establishes the Company's values and standards, and monitors compliance within a framework of effective controls.

As at the 31 December 2011 and throughout most of the year, the Board comprised of 11 directors five of whom were executives, and six including the Chairman were non-executive directors. In the early part of the year there were 12 directors comprising six executives and six non-executive directors following Geoff Doherty's appointment as Chief Financial Officer designate pending the planned retirement of Dermot Mulvihill as the then Chief Financial Officer. The names and other details of all of the directors as at the date of this report are as set out in the section headed "The Board" in this Annual Report. Each of the executive directors has a combination of general business skills, and experience in the construction materials market. The non-executive directors represent a diverse business background complementing the executive director's skills. All of the directors bring an objective judgement to bear on issues of strategy, resources and standards of performance. The directors believe that the Board includes an appropriate balance of skills and an ability to provide effective leadership and control to the Group.

The Board met formally 10 times during the year, as well as informally as and when required. Attendance at Board and committee meetings is set out in the table below. The Board reserves for itself a formal schedule of matters on which it takes the ultimate decision. These include adopting the Group's rolling 5 year strategic plan and the annual budget, approving all major capital expenditure and material contracts, acquisitions and disposals of businesses and other assets, appointment of senior executives and succession planning, reviewing management's corporate and financial performance, and overall review of the Group's internal controls. Certain other matters are delegated to the Board committees, the roles and responsibilities of which are set out below.

As part of the performance evaluation process the Chairman meets at least once annually with the non-executive directors without the executive directors being present to review the performance of the Board, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group. In addition, the non-executive directors, led by the senior independent director, meet annually without the Chairman present to appraise the workings of the Board.

The Chairman and Chief Executive

There is a clear division of responsibility set out in writing between the non-executive Chairman and the Chief Executive.

The Chairman's primary responsibility is to lead the Board. He is responsible for the efficient and effective working of the Board, and ensures that all members of the Board, including in particular the non-executive directors, have an opportunity to contribute effectively. He is also responsible for ensuring that there is appropriate and timely communication with shareholders.

The Board has delegated executive responsibility for running the Company to the Chief Executive and the executive management team. The Chief Executive is responsible for the strategic direction and the overall performance of the Group, and is accountable to the Board for all authority so delegated.

Attendance at Board and Committee meetings during the year ended 31 December 2011

	Board		Audit		Nomination		Remuneration		Acquisition	
	A	B	A	B	A	B	A	B	A	B
Eugene Murtagh	10	10			2	2				
Gene M. Murtagh	10	10			2	2			1	1
Geoff Doherty	10	10							1	1
Russell Shiels	10	7								
Peter Wilson	10	10								
Gilbert McCarthy	3	3								
Tony McArdle	10	10	6	6	2	2			1	1
David Byrne	10	9	6	5	2	2	6	6		
Brian Hill	10	8	6	5			6	5	1	1
Helen Kirkpatrick	10	9	6	6	2	2	6	6		
Danny Kitchen	10	8	6	3			6	5	1	1
Noel Crowe	7	5								
Dermot Mulvihill	3	3								

Column A - indicates the number of meetings held during the period the director was a member of the Board and/or Committee.
Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or Committee.

Corporate Governance Statement

Board balance and independence

The Board is of the view that the current size and structure of the Board works well, and that the balance of executive and non-executive directors generates a good degree of constructive and effective challenge and debate. An externally facilitated evaluation of the Board carried out during the year determined that there was a good mix of skills and experience on the Board. It is not intended to change the size of the Board in the short to medium term.

Throughout the most part of 2011 half of the Board, excluding the Chairman, comprised independent non-executive directors. The Board has determined the following non-executive directors to be independent: David Byrne, Brian Hill, Helen Kirkpatrick, Danny Kitchen and Tony McArdle. Tony McArdle is nominated as the senior independent director of the Company, and is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer. The directors consider that there is a strong independent representation on the Board, and are committed to refreshing and strengthening the independent representation on the Board on an on-going basis.

In determining the independence of Tony McArdle, the Board had regard to the fact that he has served on the Board as a non-executive director for nine years. The Board recognised that he has always made a significant contribution to the constructive debate at Board, and that in performing the role of senior independent director he has exercised an independent judgment, and concluded that the independence of his character and judgement was not compromised.

In determining the independence of Danny Kitchen, the Board considered whether his previous tenure as a non-executive director of the Company might appear to affect his independence. The Board concluded based on a number of factors, including his experience and knowledge from his other senior executive roles, the significant changes in the economic and commercial environment since his previous appointment to the Board, and the fact that throughout his tenure on the Board he always exercised a strongly independent judgment, that the independence of his character and judgement was not compromised. Danny Kitchen will be retiring as a non-executive director following the conclusion of this year's Annual General Meeting, upon the expiration of his term of office.

Appointments to the Board

All appointments to the Board are made on the recommendation of the Nomination Committee. In addition the Nomination Committee reviews the various committees and makes recommendations to the Board on the appointment of the chairman and the membership of each. The standard terms of appointment of non-executive directors are available, on request, from the Company Secretary.

Information and professional development

All directors are supplied with appropriate and timely information for Board and committee meetings, and are given the opportunity to probe and question the executives and to seek such further information as they consider appropriate. The Group's professional advisors are available for consultation with the Board and attend Board meetings as required. All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed. He is also responsible for advising the Board, through the Chairman, on all governance matters. Individual directors may seek independent professional advice at the expense of the Company in furtherance of their duties as a director. The Group has arranged appropriate insurance cover in respect of legal action against its directors.

The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation about the Company's business operations and systems, and continuing training relating to the discharge of their duties as directors and (as appropriate) management. This includes Board visits to the Group's manufacturing facilities on a regular basis.

Performance evaluation

The Chairman reviews the performance of individual directors annually, and the senior independent director through discussions with other directors conducts a review of the Board, its committees and its corporate governance. During the year, the Board engaged a firm of independent consultants to carry out an externally facilitated review of the performance and effectiveness of the Board and its committees. The review focused on the areas of strategy, leadership, Board culture, risk governance and the workings of the committees.

The report prepared by the external consultants found that the Board was working well, but with some areas for improvement. The report was discussed by the Board and its recommendations are being addressed by the Chairman.

Re-election of directors

Non-executive directors are appointed to the Board for an initial term of three years, renewable with the Board's agreement, (subject to re-election by the shareholders at the Annual General Meeting). In 2011, the Board agreed that, in accordance with the provisions of the UK Corporate Governance Code, all directors would be subject to annual re-election by the shareholders at the Company's Annual General Meeting.

Board Committees

The Board has established the following committees: Acquisitions, Audit, Nominations and Remuneration committees. All committees of the Board have written terms of reference setting out their authorities and duties and these terms are available on the Company's website www.kingspan.com. The chairman and members of each committee are set out in this Annual Report.

Acquisitions Committee

The Acquisitions Committee has been established by the Board to consider and appraise all acquisition proposals made by the Group within its authorised limits, and to approve any investments, joint ventures, and capital expenditure within those limits which it considers to promote the Group strategy. The committee also carries out a periodic review of investments made within the previous year to review actual performance against forecast targets. The committee met once during 2011 to consider and approve the acquisition of the Australian access floors business.

The members of the Acquisitions Committee and the date of their first appointment to the committee is set out below:

Brian Hill (Chair)	2007
Tony McArdle	2007
Gene M. Murtagh	2007
Danny Kitchen	2009
Geoff Doherty	2011

Audit Committee

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements, and the effectiveness of the Company's internal financial controls. The members of the Audit Committee bring considerable financial and accounting experience to the committee's work, and in particular the Board considers that the chairman of the Audit Committee, Helen Kirkpatrick B.A., F.C.A., has appropriate recent and relevant financial experience. The Board is satisfied that the combined qualifications and experience of the members give the committee collectively the financial expertise necessary to discharge its responsibilities. The report of the Audit Committee is set out in this Annual Report, which describes how the principles of Section C of the FRC Combined Code on Corporate Governance (June 2008) have been applied by the Company.

The members of the Audit Committee and the date of their first appointment to the committee is set out below:

Helen Kirkpatrick (Chair)	2007
Tony McArdle	2003
David Byrne	2005
Brian Hill	2009
Danny Kitchen	2009

Nominations Committee

The Nominations Committee assists the Board in ensuring that the composition of the Board and its committees is appropriate for the needs of the Group. The committee considers the Board's membership, identifies additional skills or experience which might benefit the Board's performance and recommends appointments to or, where necessary, removals from, the Board. During 2011 the Nominations Committee met twice, both to consider the annual re-election of directors at the Company's Annual General Meeting, and to approve the appointment of Gilbert McCarthy to the Board. The committee also considered the need to establish criteria and identify suitable candidates for appointment as non-executive directors to the Board as part of the succession planning process for the renewal of the Board each year as directors' terms of office expire.

The Committee considered whether or not to engage a firm of consultants to assist in the process, and agreed that in order to ensure best fit with the Company, it would use the knowledge and contacts of the committee to identify suitable candidates.

The members of the Nominations Committee and the date of their first appointment to the committee is set out below:

Eugene Murtagh (Chair)	1998
Gene M. Murtagh	2007
Tony McArdle	2003
David Byrne	2009
Helen Kirkpatrick	2009

Remuneration Committee

The Remuneration Committee has responsibility for setting remuneration for all executive directors and for the Chairman, including pension contributions and any compensation payments. The committee also monitors the level and structure of remuneration for senior management. The report of the Remuneration Committee which describes how the principles of the UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex have been applied by the Company, is set out in this Annual Report.

The members of the Remuneration Committee and the date of their first appointment to the committee is set out below:

David Byrne (Chair)	2007
Brian Hill	2007
Helen Kirkpatrick	2009
Danny Kitchen	2009

Communication with shareholders

The Company places great emphasis on maintaining regular and responsible dialogue with shareholders. This is achieved through meetings with institutional investors, presentations to brokers and analysts, and making relevant information available on the Company's website, www.kingspan.com in a timely fashion. Twice a year, following publication of the annual and half-year results, the Chief Executive and the Finance Director meet with institutional investors during a formal results roadshow. In addition, the Company encourages communication with all shareholders, and welcomes their participation at Annual General Meetings. All shareholders who attend the Company's Annual General Meeting are given the opportunity to question the Chairman and other members of the Board, including the chairmen of the committees, on any aspect of the Group's business.

Internal control and risk management systems

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting and accounts consolidation process are:

- the review of reporting packages for each entity as part of the year-end audit process;
- the reconciliation of reporting packages to monthly management packs as part of the audit process and as part of management review;
- the validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
- the review and analysis of results by the Chief Financial Officer and the Auditors with the management of each division;
- the review of audit management letters by the Group Finance Director, Head of internal audit and the Audit Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

Statement of compliance

The directors confirm that the Company has throughout the accounting period ended 31 December 2011 complied with the provisions of the UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

Corporate Social Responsibility

Our ambition

Kingspan recognises the importance of conducting its business in a socially responsible manner. This is demonstrated in the way we deal with our employees, customers and the wider community where we operate. Kingspan considers that corporate social responsibility is an integral element of good business management.

To this end, Kingspan has adopted a sustainability policy which is being implemented across the Group. The ambition is for Kingspan:

"To be a global leader in sustainable business and establish a leading position in providing ethical, renewable and affordable best practice solutions for the construction sector."

Striving for sustainability in all our business products and operations is our corporate and personal responsibility. Kingspan aims to adopt and apply best practice sustainability principles by ensuring environmental, social and economic parameters are considered in an integrated way in product and service delivery.

To deliver on this vision Kingspan will:

- Incorporate the ethos of sustainability into the vision and values of the organisation.
- Continue to invest in research and development in the area of maximising insulation values in products, and the integration of renewable energy products into the Kingspan solution.
- Continually improve operational performance through the setting of long-term objectives and targets related to sustainability and review progress regularly.
- Comply or exceed applicable legal and policy requirements related to the environmental and social aspects of the organisation.
- Optimise energy and raw material usage and prevent or minimise pollution and environmental damage.
- Develop a framework to continually monitor sustainability performance and actively communicate progress annually in the form of a published sustainability report, using the Global Reporting Initiative (GRI) guidelines.
- Communicate and actively promote awareness and acceptance of this policy to everyone working for or on behalf of Kingspan (including employees, shareholders, suppliers / sub-contactors and customers).
- Ensure employees are given adequate training in sustainability issues and are fully involved in helping deliver the Kingspan Group Sustainability Vision and Policy.
- Implement a Code of Conduct and supporting sustainability guidelines for key suppliers and contractors and other interested parties to ensure they comply with the Kingspan Group Sustainability Policy.

Full details of Kingspan's Corporate Social Responsibility activities can be found on our website at www.kingspan.com.

Reporting & Measurement

Kingspan is committed to measuring and reporting its Corporate Social Responsibility (CSR) activities across all its business divisions. It is its policy to promote the use of the GRI G3 Sustainability Reporting Guidelines on a progressive basis across its businesses, to ensure a robust reporting procedure. The GRI guidelines provide a globally recognised framework for reporting on an organisation's economic, social and environmental performance.

In October 2011 Kingspan Insulated Panels produced its fifth annual sustainability reports using the GRI guidelines, to Level C standard.

Kingspan Insulation has been producing full sustainability reports since 2004. The most recent report published in 2011 has been prepared under the GRI guidelines, and the company undertook an external assurance process to ensure accuracy and robustness of the GRI indicator data upon which the report is based. As a result, the report is commensurate with GRI application level B+.

Solar Photovoltaic panels on the Kingspan Group facility at Kingscourt, Ireland.

The Environment

Carbon Emissions –
Kingspan's Net Zero Energy Targets

During 2011, The Group embarked on its own Net Zero Initiative, which in essence aims to have all facilities running on entirely renewable power by 2020. An interim target is to achieve Net 50% by end 2016. To the extent that it is physically possible, our plants will generate their own on-site power, and where that is not practical, renewable energy will be sourced externally. The Group Head Office in Ireland achieved Net Zero during 2011 with a 132kW solar power installation. Other sizeable projects undertaken to-date include a 406kW solar power plant at Holywell and 799kW solar power plant at Pembridge in the UK, as well as Tate Access Floors in the US sourcing externally generated wind power. Further large scale projects planned over the next couple of years include a 5 megawatt wind installation at Holywell, and a Biogas facility at Pembridge.

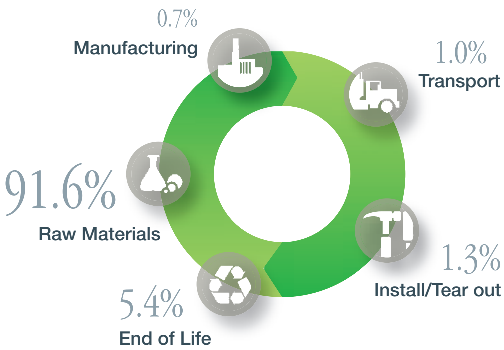
Product Lifecycle Assessment

In North America, Kingspan was the first company to produce an Environmental Product Declaration (EPD) – the EPD provides an externally certified Life Cycle Assessment of its insulated panel products. This calculates the environmental footprint of a product at each stage of the supply chain through to end of life – it revealed that we are already getting a lot of things right. The majority of our impact comes from raw materials, and we are working consciously with our suppliers to improve this.

The EPD is a first for North American insulated panel manufacturers.

It is a standardised, internationally recognised tool for providing information on a product's environmental impact. Information in the declaration is based on an ISO-compliant life cycle assessment (LCA) and verified by a third party, in the case of Kingspan, Underwriters Laboratories Inc.

While EPDs are still relatively new to the North American building industry, they are important now more than ever. As we all work together toward NetZero buildings, real environmental metrics and increased transparency on product lifecycle will become increasingly essential tools.



Waste & Recycling

Kingspan Insulated Panels is fully committed to developing products that are sustainable throughout their lifecycle, from manufacturing and application to their disposal. Kingspan continues to work with Building Research Establishment Group (BRE) and leading waste management companies to further quantify and reduce the impact of its products. The objective is to ensure sustainability is considered in the design, manufacture, installation, use and disposal of Kingspan Insulated Panel products and services.

Kingspan Insulated Panels has made a commitment to apply BRE's Environmental Profiles Assessment Methodology to quantify the environmental impact of its product range. More products are being profiled against the revised Green Guide to Specification. The Guide provides relevant information to help decision-making by translating numerical lifecycle assessment data into a simple A+ to E scale of environmental ratings. This enables specifiers to make comparisons between materials and components.

Kingspan Insulated Panels is continuously looking at new and innovative ways to reduce the generation of waste and where it is generated, to reuse and recycle wherever possible. Kingspan currently recycles steel, paper, cardboard, wood and plastic. In 2010/11 a total of over 7,000 tonnes of these materials were recycled. Kingspan Insulated Panels now offers customers a full pallet return service to its UK sites and also launched services for recycling all Kingspan insulated panels packaging from construction sites. In the 12 month period to March 2011, 7,025 tonnes of waste were recycled.

In 2009 Kingspan Insulation set up a Waste Working Group to investigate opportunities to minimise waste and find the best disposal routes for waste materials both from the manufacturing process and from construction sites. As a result, currently no waste insulation from the manufacturing process is being sent to landfill and is instead used in various recycling and downcycling initiatives as well as being sent for waste to energy. In addition, Kingspan Insulation has launched a Site Waste Collection Service to take back waste insulation materials, together with the associated packaging, from selected direct customers. No collected waste is sent to landfill, and it is treated in the same manner as waste from the manufacturing process.


ENVIRONMENTAL PRODUCT DECLARATION

INSULATED METAL PANELS

KINGSPAN INSULATED PANELS NORTH AMERICA
INSULATED WALL & ROOF PANEL SYSTEMS

Kingspan Insulated Panels

Kingspan Insulated Panels North America, announces the first of its kind UL certified ISO compliant Environmental Product Declaration (EPD). The EPD describes environmental manufacturing footprints from cradle to grave based on an ISO compliant Life Cycle Assessment (LCA).

Kingspan's LCA calculates the environmental footprint at each stage of the supply chain, manufacturing processes, product use and end of life. All the significant environmental impacts associated with the product, including the impact on water, air, land and climate change are reported based on ISO LCA standards.

Kingspan Insulated Panels North America is part of Kingspan Group plc, the world's largest manufacturer of insulated metal panels, and as such is committed to reducing the impact of its business operations, products and services on the environment.

Follow our sustainability journey at:
www.pathtonetzero.com

UL CERTIFIED ENVIRONMENTAL PRODUCT DECLARATION

Water

As a proportion of inputs into the manufacturing process, water is relatively small compared to other resources. However Kingspan does use water for general catering and sanitary purposes, and Kingspan recognises the necessity to act responsibly in managing water resources on site – to this end, Kingspan continues to aim to maximise our use of harvested rain water, having installed its first on site rain water harvesting system in 2009. 221 cubic metres of rain water was harvested in 2010/11 (110 cubic metres in 2009), representing 1.2% of total water use at this site.

Kingspan aims to increase the number of sites and the amount of rainwater harvested in a phased manner.

Ethical Procurement & Supply Chain Management

Given the large environmental impact of Kingspan's raw materials, it is important to manage this process in the most sustainable way. Kingspan is engaging with its supply chain to achieve this, using its purchasing power to bring about lasting and positive change.

Kingspan's objective is to develop an ethical procurement strategy for procuring materials and services, engage with prioritised suppliers and contractors to ensure that they align to similar sustainability standards and seek to build long term relationships with key suppliers and contractors.

Within the Insulated Panels Division, Kingspan aims to have all of its suppliers accredited to the British Standard EN ISO 9001/14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001, which cover quality, health and safety and environmental management. Although this is not currently compulsory for its suppliers, Kingspan has many long-standing relationships with them and as such they are either working towards this accreditation, or have already achieved it. Work is underway on drafting an official Kingspan Ethical Procurement Strategy.

Workplace

Kingspan has a strong reputation for health and safety in the workplace and takes seriously its responsibility for staff welfare. In the UK, reviews carried out as part of the Investor in People framework have noted the company's approach to occupational health and well being as a particular strength, and investments continue to be made to ensure these high standards are maintained.

Provision of a high quality working environment is viewed as fundamental to maintaining healthy and motivated staff, and to retaining staff for the long-term. OHSAS 18001, in conjunction with increased resources applied to the management of health and safety, has helped to deliver significant improvement in performance.

Kingspan Insulated Panels has achieved OHSAS 18001 at all of its UK, Ireland and Western Europe manufacturing sites, and was awarded the Royal Society for the Prevention of Accidents Gold (RoSPA) Award for 2010/11.

Kingspan Insulation achieved OHSAS 18001 at its new Selby site in 2010, and on all its other UK and Ireland sites since 2005.

Graduate Recruitment Programme

Kingspan is recognised throughout the construction industry for its commitment to innovation, design, quality and technical expertise; but these assets are only derived from determined and committed people managing day-to-day processes. Under Kingspan's Graduate Recruitment Programme, we work closely with the main universities and colleges to recruit top graduates primarily in the engineering, marketing and information technology fields, and provide them with opportunities to train with us around the globe. Innovation is key to Kingspan's success so a continued supply of graduate talent is critical.

Awards

From 2008 through 2011, Kingspan Insulated Panels site at Holywell entered the Sunday Times Best Green Companies Award. The applications involved a rigorous assessment of all operations including a confidential employee survey. Kingspan was awarded a place on the prestigious Green List each year and improved 9 places in 2011 compared to 2010 – finishing 29th overall and 1st in Wales. The Holywell site was also awarded the Royal Society for the Prevention of Accidents (RoSPA) Gold award in 2009, 2010 and 2011.

Social Responsibility

As a large and successful international company, Kingspan recognises its role in contributing to the communities in which it operates. Across our site locations, we work with a number of local schools, sports clubs and community organisations, providing sponsorships and support for fundraising events.

We also encourage and support the fundraising of colleagues who participate in various fundraising activities.

The Kingspan Insulation Community Trust was established in 2006 as a registered charity, through which Kingspan donates to community initiatives around Herefordshire. To date, approximately £100,000 has been awarded for projects supporting conservation and biodiversity, health and fitness of young people, or promotion of road safety in the local community. Further details on this Trust can be found on its website:

www.kingspaninsulationcommunitytrust.org

Kingspan is also proud to continue to support the work of the Irish Hospice Foundation, by sponsoring its fundraising Dublin to Paris cycle challenges.

The Irish Hospice Foundation supports the development of hospice care and promotes the hospice philosophy in Ireland. More information on its good work can be found at its website:

THE IRISH HOSPICE FOUNDATION

www.hospice-foundation.ie

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the consolidated and company Financial Statements in accordance with applicable Irish law and regulations.

Company law in Ireland requires the directors to prepare Financial Statements for each financial year. Under that law the directors have to prepare the consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The directors have elected to prepare the company Financial Statements in accordance with IFRSs as adopted by the EU. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The directors are responsible for preparing a directors' report and reports relating to directors' remuneration and Corporate Governance that comply with the law and the Listing Rules of the Irish Stock Exchange.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and which enable them to ensure that the Financial Statements comply with the Companies Acts 1963 to 2009 and Article 4 of the IAS Regulation.

They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

In accordance with Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator, the directors confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer

27 February 2012

Independent Auditor's Report

to the Members of Kingspan Group plc

We have audited the group and parent company Financial Statements (the "Financial Statements") of Kingspan Group plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Cash Flow Statement, the Consolidated and Parent Company Statement of Changes in Shareholders' Equity and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

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

Respective Responsibilities of Directors and Independent Auditors

The Directors' Responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 42.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view in accordance with IFRSs as adopted by the EU, and have been properly prepared in accordance with the Companies Acts 1963 to 2009 and, in the case of the group Financial Statements, Article 4 of the IAS Regulation. We also report to you our opinion as to whether proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the Financial Statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the parent company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We are required by law to report to you our opinion as to whether the description of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated group Financial Statements, set out in the annual Corporate Governance Statement is consistent with the consolidated Financial Statements. In addition, we review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive Review, the Financial Review, Principal Risks and Uncertainties, Report of the Remuneration Committee, Report of the Audit Committee, the Corporate Governance Statement and the Corporate Social Responsibility. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.
Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended;
- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts 1963 to 2009, of the state of the parent company's affairs as at 31 December 2011;
- the Group Financial Statements have been properly prepared in accordance with the Companies Acts 1963 to 2009 and Article 4 of the IAS Regulation; and
- the parent company Financial Statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Other matters

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

In our opinion the information given in the directors' report and the description in the annual corporate governance statement of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated group Financial Statements is consistent with the Financial Statements.

The net assets of the parent company, as stated in the company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2011 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Roger Gillespie

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

27 February 2012

Stokes Place
St. Stephen's Green
Dublin 2

Financial Statements

Consolidated Income Statement
for the year ended 31 December 2011

Note		Total 2011 €'000	Total 2010 €'000
2	**REVENUE**	**1,546,893**	1,193,215
	COSTS OF SALES	**(1,124,564)**	(859,521)
	GROSS PROFIT	**422,329**	333,694
	Operating costs, excluding intangible amortisation	**(326,676)**	(261,678)
	TRADING PROFIT	**95,653**	72,016
	Intangible amortisation	**(4,745)**	(4,611)
	OPERATING PROFIT	**90,908**	67,405
4	Finance expense	**(13,973)**	(13,098)
4	Finance income	**829**	1,358
5	**PROFIT FOR THE YEAR BEFORE INCOME TAX**	**77,764**	55,665
7	Income tax expense	**(14,894)**	(6,597)
	NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**62,870**	49,068
	Attributable to owners of Kingspan Group plc	**61,835**	48,657
	Attributable to non-controlling interests	**1,035**	411
		62,870	49,068
	EARNINGS PER SHARE FOR THE YEAR		
8	Basic	**37.1c**	29.2c
8	Diluted	**36.4c**	28.6c

Gene M. Murtagh, Chief Executive
Geoff Doherty, Chief Financial Officer
27 February 2012

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

Note		Total 2011 €'000	Total 2010 €'000
	Profit for the year	**62,870**	49,068
	Other comprehensive income:		
20	Effective portion of changes in fair value of cash flow hedges	**(1,292)**	2,787
20	Net change in fair value of cash flow hedges reclassified to income statement	**299**	389
33	Actuarial losses on defined benefit pension schemes	**(3,179)**	(998)
20	Exchange differences on translating foreign operations	**18,030**	30,742
22	Income taxes relating to actuarial losses on defined benefit pension scheme	**815**	279
	Total comprehensive income for the year	**77,543**	82,267
	Attributable to owners of Kingspan Group plc	**76,503**	81,839
	Attributable to non-controlling interests	**1,040**	428
		77,543	82,267

Consolidated Statement of Financial Position
as at 31 December 2011

Note		2011 €'000	2010 €'000
	ASSETS		
	NON-CURRENT ASSETS		
9	Goodwill	**373,959**	318,216
10	Other intangible assets	**8,530**	6,457
12	Property, plant and equipment	**443,240**	408,632
13	Financial assets	**-**	10
20	Derivative financial instruments	**14,163**	1,305
22	Deferred tax assets	**7,576**	5,600
		847,468	740,220
	CURRENT ASSETS		
14	Inventories	**160,661**	129,035
15	Trade and other receivables	**281,802**	236,349
20	Derivative financial instruments	**2,947**	1,407
	Cash and cash equivalents	**141,067**	104,402
		586,477	471,193
16	Non-current assets classified as held for sale	**392**	1,658
		586,869	472,851
	TOTAL ASSETS	**1,434,337**	1,213,071
	LIABILITIES		
	CURRENT LIABILITIES		
17	Trade and other payables	**253,055**	202,660
21	Provisions for liabilities	**45,955**	50,683
20	Derivative financial instruments	**21**	-
19	Deferred consideration	**480**	2,781
18	Interest bearing loans and borrowings	**10,430**	14,259
	Current income tax liabilities	**39,363**	34,539
		349,304	304,922
	NON-CURRENT LIABILITIES		
33	Retirement benefit obligations	**1,389**	1,628
21	Provisions for liabilities	**9,857**	8,118
18	Interest bearing loans and borrowings	**317,796**	213,671
22	Deferred tax liabilities	**20,662**	17,787
19	Deferred consideration	**344**	-
		350,048	241,204
	TOTAL LIABILITIES	**699,352**	546,126
	NET ASSETS	**734,985**	666,945
	EQUITY		
24	Share capital	**22,344**	22,325
25	Share premium	**38,059**	37,739
	Capital redemption reserve	**723**	723
27	Treasury shares	**(30,707)**	(32,565)
	Other reserves	**(107,715)**	(129,233)
28	Retained earnings	**806,144**	763,008
	EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**728,848**	661,997
30	**NON-CONTROLLING INTEREST**	**6,137**	4,948
	TOTAL EQUITY	**734,985**	666,945

Gene M. Murtagh, Chief Executive
Geoff Doherty, Chief Financial Officer
27 February 2012

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserve €'000	Treasury Shares €'000	Translation Reserve €'000	Cashflow Hedging Reserve €'000	Share Based Payment Reserve €'000	Revaluation Reserve €'000	Retained Earnings €'000	Total Attributable to Owners of the Parent €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2011	22,235	37,739	723	(32,565)	(147,411)	2,570	14,895	713	763,008	661,997	4,948	**666,945**
Transactions with owners recognised directly in equity												
Shares issued	19	320	-	-	-	-	-	-	-	339	-	339
Employee share based compensation	-	-	-	-	-	-	5,427	-	-	5,427	-	5,427
Tax on employee share based compensation	-	-	-	-	-	-	255	-	-	255	-	255
Exercise or lapsing of share options	-	-	-	-	-	-	(1,196)	-	1,196	-	-	-
Transfer of shares	-	-	-	1,858	-	-	-	-	(58)	1,800	-	1,800
Dividends	-	-	-	-	-	-	-	-	(17,473)	(17,473)	-	(17,473)
Transactions with non-controlling interests:												
Capital contribution	-	-	-	-	-	-	-	-	-	-	200	200
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Transactions with owners	**19**	**320**	**-**	**1,858**	**-**	**-**	**4,486**	**-**	**(16,335)**	**(9,652)**	**149**	**(9,503)**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	61,835	61,835	1,035	62,870
Other comprehensive income:												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(1,292)	-	-	-	(1,292)	-	(1,292)
- reclassification to profit	-	-	-	-	-	299	-	-	-	299	-	299
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(3,179)	(3,179)	-	(3,179)
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	-	815	815	-	815
Exchange differences on translating foreign operations	-	-	-	-	18,025	-	-	-	-	18,025	5	18,030
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18,025**	**(993)**	**-**	**-**	**59,471**	**76,503**	**1,040**	**77,543**
Balance at 31 December 2011	**22,344**	**38,059**	**723**	**(30,707)**	**(129,386)**	**1,577**	**19,381**	**713**	**806,144**	**728,848**	**6,137**	**734,985**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserve €'000	Treasury Shares €'000	Translation Reserve €'000	Cashflow Hedging Reserve €'000	Share Based Payment Reserve €'000	Revaluation Reserve €'000	Retained Earnings €'000	Total Attributable to Owners of the Parent €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2010	22,296	36,486	723	(32,565)	(178,136)	(606)	10,207	713	721,731	580,849	4,686	**585,535**
Transactions with owners recognised directly in equity												
Shares issued	29	520	-	-	-	-	-	-	-	549	-	**549**
Employee share based compensation	-	-	-	-	-	-	4,478	-	-	4,478	-	**4,478**
Tax on employee share based compensation	-	-	-	-	-	-	943	-	-	943	-	**943**
Exercise of share options	-	733	-	-	-	-	(733)	-	-	-	-	**-**
Dividends	-	-	-	-	-	-	-	-	(6,661)	(6,661)	-	**(6,661)**
Transactions with non-controlling interests:												
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(166)	**(166)**
Transactions with owners	**29**	**1,253**	**-**	**-**	**-**	**-**	**4,688**	**-**	**(6,661)**	**(691)**	**(166)**	**(857)**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	48,657	48,657	411	**49,068**
Other comprehensive income:												
Cash flow hedging in equity												
- current year	-	-	-	-	-	2,787	-	-	-	2,787	-	**2,787**
- reclassification to profit	-	-	-	-	-	389	-	-	-	389	-	**389**
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(998)	(998)	-	**(998)**
Tax on defined benefit pension scheme	-	-	-	-	-	-	-	-	279	279	-	**279**
Exchange differences on translating foreign operations	-	-	-	-	30,725	-	-	-	-	30,725	17	**30,742**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**30,725**	**3,176**	**-**	**-**	**47,938**	**81,839**	**428**	**82,267**
Balance at 31 December 2010	**22,325**	**37,739**	**723**	**(32,565)**	**(147,411)**	**2,570**	**14,895**	**713**	**763,008**	**661,997**	**4,948**	**666,945**

Consolidated Statement of Cash Flows
for the year ended 31 December 2011

	2011 €'000	2010 €'000
OPERATING ACTIVITIES		
Profit for the year before income tax	**77,764**	55,665
Depreciation of property, plant and equipment and amortisation of intangible assets	**42,659**	40,234
Impairment of non-current assets	**1,702**	2,682
Employee equity-settled share options	**5,427**	4,478
Finance income	**(829)**	(1,358)
Finance expense	**13,973**	13,098
Non cash items	**1,838**	(2,364)
Profit on sale of property, plant and equipment	**(771)**	(548)
Change in inventories	**(13,403)**	(14,071)
Change in trade and other receivables	**(16,839)**	(28,038)
Change in trade and other payables	**15,601**	2,633
Pension contributions	**(2,768)**	(3,205)
Cash generated from operations	**124,354**	69,206
Taxes paid	**(9,772)**	(2,181)
Net cash flow from operating activities	**114,582**	67,025
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(28,809)**	(22,384)
Additions to intangible assets	**-**	(127)
Proceeds from disposals of property, plant and equipment	**5,226**	6,534
Purchase of subsidiary undertakings, net of disposals	**(107,016)**	(176)
Payment of deferred consideration in respect of acquisitions	**(2,387)**	(982)
Interest received	**252**	15
Net cash flow from investing activities	**(132,734)**	(17,120)
FINANCING ACTIVITIES		
Drawdown of bank loans	-	3,587
Private Placement issuance	**149,996**	-
Repayment of bank loans	**(66,047)**	-
Discharge of finance lease liability	**(666)**	(587)
Proceeds from share issues	**339**	549
Interest paid	**(11,319)**	(9,588)
Capital injection by non-controlling interests	**200**	-
Dividends paid to non-controlling interests	**(51)**	(166)
Dividends paid	**(17,278)**	(6,661)
Net cash flow from financing activities	**55,174**	(12,866)
INCREASE IN CASH AND CASH EQUIVALENTS	**37,022**	37,039
Translation adjustment	**871**	2,525
Cash and cash equivalents at the beginning of the year	**99,481**	59,917
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**137,374**	99,481
Cash and cash equivalents as at 1 January were made up of:		
Cash and cash equivalents	**104,402**	83,886
Overdrafts	**(4,921)**	(23,969)
	99,481	59,917
Cash and cash equivalents as at 31 December were made up of:		
Cash and cash equivalents	**141,067**	104,402
Overdrafts	**(3,693)**	(4,921)
	137,374	99,481

Company Statement of Financial Position
as at 31 December 2011

Note		2011 €'000	2010 €'000
	ASSETS		
	NON-CURRENT ASSETS		
13	Investments in subsidiaries	**1,086,616**	1,079,390
	CURRENT ASSETS		
	Intercompany receivables	**240,653**	257,546
	TOTAL ASSETS	**1,327,269**	1,336,936
	LIABILITIES		
	CURRENT LIABILITIES		
	Payables	**(195)**	-
	TOTAL LIABILITIES	**(195)**	-
	NET ASSETS	**1,327,074**	1,336,936
	EQUITY		
	Equity attributable to owners of Kingspan Group plc		
24	Share capital	**22,344**	22,325
25	Share premium	**38,059**	37,739
	Capital redemption reserve	**723**	723
27	Treasury shares	**(30,707)**	(32,565)
28	Retained earnings	**1,296,655**	1,308,714
	TOTAL EQUITY	**1,327,074**	1,336,936

Gene M. Murtagh, Chief Executive
Geoff Doherty, Chief Financial Officer
27 February 2012

Company Statement of Changes in Shareholder's Equity for the year ended 31 December 2011

	Share capital €'000	Share premium account €'000	Capital redemption reserves €'000	Treasury shares €'000	Retained earnings €'000	Total attributable to owners €'000
Balance at 1 January 2011	22,325	37,739	723	(32,565)	1,308,714	**1,336,936**
Shares issued	19	320	-	-	-	**339**
Employee share based compensation	-	-	-	-	5,427	**5,427**
Transfer of shares	-	-	-	1,858	(58)	**1,800**
Dividends	-	-	-	-	(17,473)	**(17,473)**
Transactions with owners	19	320	-	1,858	(12,104)	**(9,907)**
Profit for the year	-	-	-	-	45	**45**
Balance at 31 December 2011	**22,344**	**38,059**	**723**	**(30,707)**	**1,296,655**	**1,327,074**

	Share capital €'000	Share premium account €'000	Capital redemption reserves €'000	Treasury shares €'000	Retained earnings €'000	Total attributable to owners €'000
Balance at 1 January 2010	22,296	36,486	723	(32,565)	1,314,171	1,341,111
Shares issued	29	520	-	-	-	549
Employee share based compensation	-	-	-	-	4,478	4,478
Exercise of employee share based compensation	-	733	-	-	(733)	-
Dividends	-	-	-	-	(6,661)	(6,661)
Transactions with owners	29	1,253	-	-	(2,916)	(1,634)
Loss for the year	-	-	-	-	(2,541)	(2,541)
Balance at 31 December 2010	22,325	37,739	723	(32,565)	1,308,714	1,336,936

Company Statement of Cash Flows
for the year ended 31 December 2011

	2011 **€'000**	2010 €'000
OPERATING ACTIVITIES		
Profit/(Loss) for the year before tax	45	(2,541)
Adjustments - Employee equity-settled share options	-	770
Impairment of financial assets	-	1,777
Change in intercompany receivables	16,894	6,106
Net cash flow from operating activities	16,939	6,112
FINANCING ACTIVITIES		
Proceeds from share issues	339	549
Dividends paid	(17,278)	(6,661)
Net cash flow from financing activities	(16,939)	(6,112)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	-	-
Net increase in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	-	-

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES

General information
Kingspan Group plc is a public limited company registered and domiciled in Ireland, with its registered office being situated at Dublin Road, Kingscourt, Co Cavan.

Statement of compliance
The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), which comprise standards and interpretations issued by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations that have been subsequently adopted by the EU.

The Company Financial Statements have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2009. The Company has taken advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members the Company Income Statement and related notes which form part of the approved Financial Statements of the Company as the Company publishes Company and Consolidated Financial Statements together.

Basis of preparation
The Financial Statements have been prepared under the historical cost convention, as modified by:

- measurement at fair value of share based payments at initial date of award;
- derivative financial instruments recognised at fair value;
- recognition of the defined benefit asset as plan assets, plus unrecognised past service cost less the present value of the defined benefit obligation.

The accounting policies set out below have been applied consistently in the periods presented in these consolidated Financial Statements.

These consolidated Financial Statements have been prepared in Euro, rounded to the nearest thousand, unless otherwise stated. The Euro is the presentation currency of the Group and the functional currency of the Company.

Changes in Accounting Policies and Disclosures
The following are the new standards that were effective for the Group's financial year ending 31 December 2011. They had no impact on the results or financial position as set out in the Consolidated Financial Statements.

- Amendments to IAS 32 – Financial instruments (presentation and classification of rights issues)
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Amendments to IAS 24 – Related Party Disclosures
- Amendments to IFRS 1 – First time adoption of IFRS
- Improvements to IFRSs (2010)
- Amendments to IFRIC 14 – Prepayments of a minimum funding requirement

There are a number of forthcoming requirements of IFRSs as adopted by the EU which are not yet effective and have therefore not been adopted in these Financial Statements. These new standards and interpretations, which are effective from the beginning of the periods outlined below include:

- Disclosures – Transfers of Financial Assets (Amendment to IFRS 7) with an effective date of 1 July 2011.
- IFRS 9 Financial Instruments (IFRS 9 (2010)), with an effective date of 1 January 2015.
- Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12, with an effective date of 1 January 2012.
- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement, which all have an effective date of 1 January 2013.
- IAS 27 Separate Financial Statements (2011), which supersedes IAS 27 (2008) and IAS 28 Investments in Associates and Joint Ventures (2011), which supersedes IAS 28 (2008), which both have an effective date of 1 January 2013.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 Presentation of Financial Statements), with an effective date of 1 July 2012.
- IAS 19 Employee Benefits which supersedes IAS 19 (1998), with an effective date of 1 January 2013.

The Group does not plan to adopt these standards early and the extent of their impact has not yet been determined.

Basis of consolidation
The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiary undertakings as well as the proportionally consolidated joint ventures, drawn up to 31 December each year.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Business combinations
Business combinations are accounted for using the acquisition method as at the date of acquisition, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity to gain benefits from its activities.

The fair value of consideration paid in a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the Consolidated Income Statement over the life of the obligation. Where a business combination agreement provides for an adjustment to the consideration contingent on future events, the amount of the adjustment is included at its estimated fair value. Contingent Deferred Consideration is included in the acquisition Statement of Financial Position on a discounted basis. Any subsequent adjustment to Contingent Deferred Consideration is recognised in profit or loss.

In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities held at the date control is obtained are included in the fair value of the consideration paid.

When the initial accounting for a business combination is determined provisionally, the provisional amounts of the identifiable assets, liabilities and contingent liabilities are adjusted within twelve months of the acquisition date based on further information obtained about conditions existing at the acquisition date.

The interest of non-controlling shareholders is initially stated at the appropriate proportion of the fair values of the assets and liabilities recognised; goodwill is not allocated to the non controlling interest. After the date of combination, the non controlling interest is allocated its share of changes in equity.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Where a subsidiary is acquired or disposed of during the financial year, the consolidated Financial Statements include the attributable results from or to the effective date of acquisition or disposal.

Joint ventures
In line with IAS 31 Interests in Joint Ventures, the Group's share of results and net assets of joint ventures, which are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and one or more other venturers, are accounted for on the basis of proportionate consolidation from the date on which joint control is established and are derecognised when joint control ceases. The Group combines its share of the joint ventures individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Consolidated Financial Statements.

Loans to joint ventures are classified as loans and receivables within financial assets.

Transactions eliminated on consolidation
All intra-group balances and transactions, including unrealised profit arising from intra-group transactions, are eliminated on consolidation.

Foreign currency
Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Foreign operations
Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the relevant functional currency at the rate of exchange ruling at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Consolidated Income Statement.

Group companies
Results and cash flows of subsidiaries, including goodwill and fair value adjustments arising on acquisition, which do not have the Euro as their functional currency, are translated into Euro at actual exchange rates for the year, or average where this is a reasonable approximation, and the related Statement of Financial Position is translated at the rates of exchange ruling at the reporting date. Foreign currency differences arising on translation of the results of such subsidiaries at average rates and on the restatement of the opening net assets at closing rates, are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Exchange rates of material currencies used were as follows:

	Average rate		Closing Rate	
Euro =	**2011**	2010	**2011**	2010
Pound Sterling	**0.868**	0.859	**0.840**	0.860
US Dollar	**1.394**	1.328	**1.302**	1.342
Canadian Dollar	**1.377**	1.368	**1.320**	1.330
Australian Dollar	**1.350**	1.446	**1.270**	1.310
Czech Koruna	**24.530**	25.321	**25.800**	25.000
Polish Zloty	**4.100**	4.000	**4.450**	3.950
Hungarian Forint	**278.000**	275.935	**311.550**	278.000

Goodwill
Goodwill is the excess of the fair value of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised.

Goodwill arising in respect of acquisitions completed prior to 1 January 2004 (being the transition date to IFRS) is included at its deemed cost, which equates to its net book value recorded under previous GAAP. In line with the provisions applicable to a first-time adopter under IFRS, the accounting treatment of business combinations undertaken prior to the transition date was not reconsidered in preparing the opening IFRS Statement of Financial Position as at 1 January 2004, and goodwill amortisation ceased with effect from the transition date.

Pre 1 January 2010 goodwill on acquisition was initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Since 1 January 2010 the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. The cash-generating units represent the lowest level within the Group which generate largely independent cash inflows and these units are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is either at the individual or combination CGU level.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit or combinations of CGUs, to which the goodwill relates. The impairment testing review is performed annually and at any time where an indicator of impairment is considered to exist. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Intangible Assets (other than goodwill)
Intangible assets acquired separately are recognised initially at cost. Intangible assets acquired in a business acquisition are recognised initially at fair value as at the date of acquisition. Following initial recognition, the intangible asset is carried at its cost or initial fair value less any accumulated amortisation and accumulated impairment losses.

The carrying amounts of intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives are as follows:

Customer Relationships	2-6 years
Trademarks & Brands	2-10 years
Patents	8 years
Technological know how	5-10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Impairment (other than goodwill)
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of value in use and the fair value less costs to sell. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge on assets other than goodwill is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount, taking account of the adjustment to the amortisation charge required when the impairment loss is reversed.

Impairment losses, if applicable, are recognised in profit or loss.

Segment reporting
The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Chief Operating Decision Maker. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated Financial Statements. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance expenses and tax assets and liabilities.

Inventories
Inventories are measured at the lower of cost and net realisable value on a first-in-first-out basis. In the case of raw materials, cost means purchase price including transport and handling costs, less trade discounts. For work in progress and finished goods, cost consists of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition. An impairment allowance is made for obsolete, slow-moving and defective items as appropriate.

Net realisable value comprises the actual or estimated selling price in the ordinary course of business (less trade discounts), less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Income taxes

The tax expense recognised in the income statement comprises the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax:

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the Financial Statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognised on all temporary differences at the reporting date, except as explained below. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that will result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled).

Deferred tax assets are recognised in respect of all deductible temporary differences (i.e. differences that give rise to amounts which are deductible in determining taxable profits in future periods when the carrying amount of the asset or liability is recovered or settled), carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items.

The carrying amounts of deferred tax assets are subject to review at each reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Grants

Capital grants received in respect of the purchase of property, plant and equipment are treated as a reduction in the purchase price of the property, plant and equipment. Grants received in respect of revenue expenditure are recorded in the consolidated income statement to match the relevant expenditure.
A contingent liability is disclosed for grants which have been received but where there are conditions under which the grants are partly or wholly repayable.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Certain items of property that had been revalued to fair value prior to the date of transition to IFRS (1 January 2004) are measured on the basis of deemed cost, being the revalued amount as at the date the revaluation was performed.

An item of property, plant and equipment is derecognised upon disposal or when no longer in use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

Property, plant and equipment, excluding freehold land, is depreciated at appropriate rates in order to write them off over their expected useful life to their residual values. The depreciation rates generally applied on a straight line basis are:

Freehold buildings	2% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer equipment	12.5% to 33% on cost
Motor vehicles	20% to 25% on cost
Leased assets	Over the period of the lease, or useful life if shorter
Leasehold property improvements	Over the period of the lease, or useful life if shorter

Estimated useful lives and residual values are re-assessed annually.

Assets under construction are not depreciated until they are ready for use.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable (to be completed within one year from date of classification) and the asset is available for immediate sale in its present condition. Property, plant and equipment once classified as held for sale is not depreciated.

Where assets that were previously classified as held for sale no longer meet the held for sale criteria, they are reclassified back into non-current assets and an appropriate adjustment is made to depreciation to reflect the period during which depreciation was not charged.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have transferred to the Group, are capitalised in the Consolidated Statement of Financial Position and are depreciated over their useful lives with any impairment being recognised in the Consolidated Income Statement. The asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. Thereafter they are accounted for in accordance with the accounting policy applicable to that category of asset. The capital elements of future obligations under leases are included in liabilities in the Consolidated Statement of Financial Position and analysed as appropriate between current and non-current amounts. The interest elements of the lease payments are charged to the Consolidated Income Statement over the periods of the relevant agreements and represent a constant proportion of the balance of capital repayments outstanding, in line with the implicit interest rate.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Pension costs

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the period in which the employees render the service are discounted to their present value.

A defined benefit plan is a post employment plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of plan assets are deducted. The discount rate is determined by reference to market yields at the reporting date on high quality corporate bonds for a term consistent with the currency and term of the associated post-employment benefit obligations.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on the settlement of plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss. The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation and any past service cost that had not previously been recognised.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares during the period, adjusted for own shares held. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for own shares held and the effects of dilutive potential ordinary shares, arising from share entitlements exercisable by employees.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

In relation to warranties, a provision is recognised when the underlying product is sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are, where material, determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a finance cost.

Dividends

Dividends are recognised as a liability in the period in which they are declared and approved, or in the case of an interim dividend, when it has been approved by the Directors and paid.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Hedging

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from a host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship and on an ongoing basis as to, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each· hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the likelihood of the transaction occurring must be highly probable and must present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as movements in profit or loss unless they are accounted for as cash flow hedges.

Cash flow hedges

The Group utilises cash flow hedges in its treasury activities. For the purposes of hedge accounting, hedges are classified as cash flow hedges if they hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of other comprehensive income with the ineffective portion being reported as finance expense or income in the Consolidated Income Statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from equity and recognised in the Consolidated Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Consolidated Income Statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in other comprehensive income and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the Consolidated Income Statement in the period.

Cash and cash equivalents

Cash and cash equivalents principally comprise cash on hand, demand bank accounts, and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Financial Assets

Financial assets other than derivatives are divided into the following categories:

- loans and receivables
- investments held at fair value through profit and loss

Trade and other receivables are initially recorded at fair value and, at subsequent reporting dates, at amortised cost. Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date.

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case by case basis (with due regard to credit insurance where in place) when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

Gains or losses on investments held at fair value through profit and loss are recognised directly in the Consolidated Income Statement.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities (including trade payables) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. When determining the fair value of financial liabilities, the expected future cash flows are discounted using an appropriate interest rate.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Revenue
Revenue represents the value of goods supplied and excludes trade discounts, rebates and value added tax/sales tax. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer, it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably, which usually arises on delivery of the goods.

Research and Development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Share-Based Payment Transactions
Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a recognised valuation methodology for the pricing of share options. The cost of equity-settled transactions is recognised over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group and based on the best available estimates at that date, will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest. The cost of all equity settled transactions is recognised in the income statements of the subsidiaries where the employees have rendered services in exchange for the grant of equity-settled share based remuneration.

Upon exercise of share options, the cash proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where the Company grants options over its own shares to employees of its subsidiaries it recognises, in its individual Financial Statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in the Group's Consolidated Financial Statements with the corresponding credit being recognised directly in equity.

Treasury Shares
Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

Borrowing costs
Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets (as defined in IAS 23 Borrowing Costs), are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in "Net Finance Costs".

SIGNIFICANT JUDGEMENTS AND ESTIMATION UNCERTAINTY
The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement and make assumptions in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, relate primarily to impairment of assets, guarantees and warranties, litigation, defined benefit pension schemes, share based payments and income tax provisioning.

All of the following areas require the use of significant estimates and judgements:

Impairment (Note 9)
The Group is required to review assets for objective evidence of impairment. It does this on the basis of a review of the budget and rolling 5 year strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates.

The Group has performed impairment reviews on those cash generating units or combinations of CGUs which have a carrying value of goodwill or intangible assets with indefinite useful life, and on any assets where there are indicators of impairment. The key assumptions associated with these reviews are detailed in note 9.

Notes to the Financial Statements
for the year ended 31 December 2011

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Guarantees & warranties (Note 21)
Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement.

Litigation Provisions (Note 21)
The Group is a party to ongoing litigation cases and management exercise judgement in assessing the likely economic outflow from such cases.

Defined benefit pension scheme (Note 33)
The Group has two legacy defined benefit pension schemes which, whilst closed to new entrants and further accrued service, are required to be valued. The Group uses the services of professional actuaries to determine the assets and liabilities of the schemes, and as part of this review certain estimates are required to produce the valuation.

Share based payments (Note 3)
The Group grants options as part of certain employee's remuneration which under IFRS 2 are subject to valuation. The Group employs a professional valuer to assess the grant date fair value of award, and the key assumptions are set out in note 3.

At each reporting date, an assessment is made of the number of options that are considered likely to vest, and the Income Statement charge is adjusted accordingly.

Income taxes (Note 7)
The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations also require the use of estimates.

2. SEGMENT REPORTING

In identifying the Group's operating segments, management based their decision on the product supplied by each segment and the fact that each segment is managed separately and reported to the Chief Operating Decision Maker in this manner. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments
The Group has the following four reportable segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal façades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.*
Environmental	Manufacture of environmental, pollution control and renewable energy solutions.
Access Floors	Manufacture of raised access floors.

Analysis by class of business

Segment Revenue	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**TOTAL €m**
Total Revenue - 2011	758.0	460.4	202.3	126.2	**1,546.9**
Total Revenue - 2010	638.5	248.2	171.7	134.8	1,193.2

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material it is not subject to separate disclosure in the above analysis.

* This segment includes the Tarec joint ventures (see note 11).

Notes to the Financial Statements
for the year ended 31 December 2011

2. SEGMENT REPORTING (cont'd)

Segment Result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	TOTAL 2011 €m	TOTAL 2010 €m
Trading profit	50.5	25.7	6.7	12.8	**95.7**	
Intangible amortisation	(2.0)	(1.9)	(0.8)	(0.1)	**(4.8)**	
Operating profit - 2011	**48.5**	**23.8**	**5.9**	**12.7**	**90.9**	
Trading profit	35.8	16.7	0.9	18.6		72.0
Intangible amortisation	(2.7)	(1.0)	(0.8)	(0.1)		(4.6)
Operating profit - 2010	33.1	15.7	0.1	18.5		67.4
Net finance expense					**(13.1)**	(11.7)
Profit for the year before tax					**77.8**	55.7
Income tax expense					**(14.9)**	(6.6)
Net profit for the year					**62.9**	49.1

Segment Assets

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	TOTAL 2011 €m	TOTAL 2010 €m
Assets - 2011	532.5	426.2	188.2	121.6	**1,268.5**	
Assets - 2010	534.7	263.8	180.0	121.9		1,100.4
Derivative financial instruments					**17.1**	2.7
Cash and cash equivalents					**141.1**	104.4
Deferred tax asset					**7.6**	5.6
Total Assets as reported in Statement of Financial Position					**1,434.3**	1,213.1

Segment Liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	TOTAL 2011 €m	TOTAL 2010 €m
Liabilities - 2011	(133.6)	(97.0)	(55.3)	(24.5)	**(310.4)**	
Liabilities - 2010	(124.8)	(48.9)	(63.8)	(25.6)		(263.1)
Interest bearing loans and borrowings (current and non-current)					**(328.2)**	(227.9)
Deferred consideration (current and non-current)					**(0.8)**	(2.8)
Income tax liabilities (current and deferred)					**(60.0)**	(52.3)
Total liabilities as reported in Statement of Financial Position					**(699.4)**	(546.1)

Notes to the Financial Statements
for the year ended 31 December 2011

2. SEGMENT REPORTING (cont'd)

Other Segment Information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	TOTAL €m
Capital Investment - 2011*	16.0	56.8	3.8	1.2	**77.8**
Capital Investment - 2010	13.6	4.6	2.4	1.5	22.1
Depreciation included in segment result - 2011	(19.6)	(11.8)	(4.2)	(2.3)	**(37.9)**
Depreciation included in segment result - 2010	(19.3)	(9.0)	(4.6)	(2.7)	(35.6)
Non- cash items included in segment result - 2011	1.8	2.0	1.6	0.8	**6.2**
Non- cash items included in segment result - 2010	-	0.2	(0.6)	-	(0.4)

*Capital investment includes fair value of property, plant and equipment acquired in business combinations

Analysis of Segmental Data by Geography

	Republic of Ireland €m	United Kingdom €m	Rest of Europe €m	Americas €m	Others €m	TOTAL €m
Income Statement Items						
Revenue - 2011	78.1	605.9	580.8	210.3	71.8	**1,546.9**
Revenue - 2010	65.2	517.1	345.1	199.5	66.3	1,193.2
Statement of Financial Position Items						
Non-current assets - 2011	69.7	329.1	233.5	159.8	34.0	**826.1**
Non-current assets - 2010	69.4	328.4	144.6	157.6	33.3	733.3
Other segmental information						
Capital Investment - 2011	4.3	11.2	56.3	4.9	1.1	**77.8**
Capital Investment - 2010	2.5	6.4	5.9	6.5	0.8	22.1

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-uses and geographies.

Kingspan has a presence in over 80 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

3. EMPLOYEES

	2011 Number	2010 Number
a) Employee Numbers		
The average number of persons employed by the Group in the financial year was:		
Production	**3,676**	3,052
Sales and distribution	**1,366**	1,052
Management and administration	**825**	786
	5,867	4,890

Notes to the Financial Statements for the year ended 31 December 2011

3. EMPLOYEES (cont'd)

b) Employee Costs, including executive directors

	2011 €'000	2010 €'000
Wages and salaries	**212,967**	171,148
Social welfare costs	**21,098**	17,059
Pension costs - defined contribution	**9,855**	7,005
Pension costs - defined benefit (Note 33)	**(577)**	(504)
Share based payments and awards	**7,227**	4,478
	250,570	199,186
Actuarial losses recognised in other comprehensive income	**3,179**	998
	253,749	200,184

c) Employee Share Based Compensation

As at 31 December 2011 the Group maintained three share-based equity settled payment schemes for employee compensation, details of which are provided in the Report of the Remuneration Committee.

The first arrangement, the Long-Term Incentive Plan ("LTIP"), is part of the remuneration package of executive directors and senior executives. This scheme has now expired.

The second arrangement, the Standard Share Option Scheme ("SSOS"), is part of the remuneration package of key personnel. This scheme has now expired.

The third arrangement, the Performance Share Plan ("PSP"), is a new scheme which replaced the Standard Share Option Scheme.

The movement on share options and the related weighted average exercise price are as follows for the reporting periods presented:

	2011 Number of options	2011 Weighted average exercise price	2010 Number of options	2010 Weighted average exercise price
Outstanding at 1 January	**9,538,718**	**€7.13**	9,055,728	€8.43
Granted PSP	**1,627,569**	**€0.13**	1,526,672	€0.13
Lapsed SSOS	**(2,307,493)**	**€13.89**	-	-
Forfeited LTIP	**(227,000)**	**€0.13**	(118,799)	€0.13
Forfeited SSOS	**(390,009)**	**€14.56**	(673,072)	€11.80
Forfeited PSP	**(271,815)**	**€0.13**	-	-
Exercised LTIP	**(32,394)**	**€0.13**	(59,604)	€0.13
Exercised SSOS	**(88,923)**	**€3.21**	(192,207)	€3.08
Exercised PSP	**-**	**-**	-	-
Outstanding at 31 December	**7,848,653**	**€3.82**	9,538,718	€7.13

The weighted average share price at date of exercise of options during the year was €6.51 (2010: €6.12).
The weighted average fair value of options granted in the year was €4.94 (2010: €4.62).

Notes to the Financial Statements
for the year ended 31 December 2011

3. EMPLOYEES (cont'd)

Earliest exercise date		2011 Number of Options	2011 Weighted average exercise price	2011 Weighted average remaining contractual life
2012 Option Range				
LTIP				
	€0.13	17,864	€0.13	0.7
SSOS				
	€1.35 - €3.30	304,284	€2.79	1.5
	€5.65 - €9.35	1,302,696	€5.99	2.8
	€10.90 - €17.82	1,623,235	€12.78	4.3
		3,230,215	€9.10	3.4
PSP				
	€0.13	1,612,544	€0.13	4.3
2013 Option Range				
PSP				
	€0.13	1,422,626	€0.13	5.2
2014 Option Range				
PSP				
	€0.13	1,565,404	€0.13	6.2

Earliest exercise date		2010 Number of Options	2010 Weighted average exercise price	2010 Weighted average remaining contractual life
2011 Option Range				
LTIP				
	€0.13	277,258	€0.13	3.70
SSOS				
	€1.35 - €3.30	363,207	€2.74	2.60
	€5.65 - €9.35	2,432,759	€6.91	5.47
	€10.90 - €17.82	2,711,218	€14.73	5.93
	€19.00 - €21.20	509,456	€19.23	6.66
		6,293,898	€10.74	5.52
2012 Option Range				
PSP				
	€0.13	1,718,148	€0.13	5.3
2013 Option Range				
PSP				
	€0.13	1,526,672	€0.13	6.2

Notes to the Financial Statements
for the year ended 31 December 2011

3. EMPLOYEES (cont'd)

Of the 2011 Options, the following were exercisable at the year end:

		2011 Number of options	2011 Weighted average exercise price	2011 Weighted average remaining contractual life
PSP				
	€0.13	-	-	-
LTIP				
	€0.13	17,864	€0.13	0.7
SSOS				
	€1.35- €3.30	304,284	€2.79	1.5
	€5.65- €9.35	1,302,696	€5.99	2.8
	€10.90- €17.82	1,623,235	€12.78	4.3
		3,230,215	€9.10	3.4

The fair values of options granted during the current and prior year were determined using the Black Scholes Model, or the Monte Carlo Pricing Model as appropriate.
The key assumptions used in the model were as follows:

	2011 Awards	2010 Awards
Share price at grant date	€6.20	€5.55
Exercise price per share	€0.13	€0.13
Expected volatility	57%	53%
Expected dividend yield	1.61%	0.72%
Risk-free rate	2.40%	2.80%
Expected life	3 years	3 years

Expected volatility was determined by calculating the historical volatility of the Group and peer company share prices over the previous 3 years.

The Group recognised an expense of €5,427,000 (2010: expense of €4,478,000) related to equity settled share-based payment transactions in the Consolidated Income Statement during the year.

4. FINANCE EXPENSE AND FINANCE INCOME

	2011 €'000	2010 €'000
Finance expense		
Bank Loans	**4,598**	4,030
Private Placement	**8,977**	6,358
Finance leases	**68**	13
Fair value movement on derivative financial instrument	**(13,245)**	(7,215)
Fair value movement on private placement debt	**13,575**	9,912
	13,973	13,098
Finance income		
Interest earned	**(252)**	(854)
Net defined benefit pension scheme	**(577)**	(504)
	(829)	(1,358)
Net finance cost	**13,144**	11,740

Borrowing costs capitalised during the year amounted to €nil (2010: €nil).

Notes to the Financial Statements
for the year ended 31 December 2011

5. PROFIT FOR THE YEAR BEFORE TAX

	2011 €'000	2010 €'000
The profit for the year is stated after charging / (crediting):		
Distribution expenses	**82,965**	60,972
Operating lease payments	**3,946**	2,668
Product development costs (total, including payroll)	**12,225**	9,136
Depreciation	**37,914**	35,623
Amortisation of intangible assets	**4,745**	4,611
Foreign exchange gains	**(679)**	(2,425)
Profit on sale of property, plant and equipment	**(771)**	(548)
Auditor's Remuneration		
Audit	**1,015**	1,061
Tax compliance and advisory	**340**	444
Other Assurance	**23**	108

Remuneration to Group external auditors (KPMG Ireland)

In accordance with the requirements of Regulation 120 of Statutory Instrument 220/2010, 'European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010', the split of auditor remuneration between fees paid to KPMG Ireland and to other KPMG worldwide offices is set out below:

	2011 €'000
Analysis of total auditor's remuneration for audit services	
Audit of Group (KPMG Ireland)	530
Audit of other subsidiaries (KPMG Ireland)	50
Audit of other subsidiaries (other KPMG offices)	435
Total	1,015
Analysis of amounts paid to the auditor in respect of non-audit services	
Tax compliance and advisory services (KPMG Ireland)	86
Tax compliance and advisory services (other KPMG offices)	254
Other advisory services (KPMG Ireland)	23
Total	363

6. DIRECTORS' REMUNERATION

	2011 €'000	2010 €'000
Fees	**541**	570
Other emoluments	**5,916**	4,851
Compensation for loss of office	**601**	-
Cost of share based payments and awards	**3,053**	1,035
	10,111	6,456

A detailed analysis of Directors' remuneration is contained in the Report of the Remuneration Committee.

Included within share based payments above are the two awards of shares previously held by the Company as treasury shares to Mr Dermot Mulvihill and Mr Geoff Doherty.

7. INCOME TAX EXPENSE

The charge for taxation, based on profits for the year, comprises:

Current tax recognised in the Consolidated Income Statement	2011 €'000	2010 €'000
Current tax expense	**19,641**	12,337
Adjustment in respect of prior years	**(3,848)**	(8,462)
	15,793	3,875
Deferred taxation:		
Origination and reversal of timing differences	**(309)**	2,722
Effect of tax rate change	**(590)**	-
Total deferred tax expense	**(899)**	2,722
Income tax expense	**14,894**	6,597

Notes to the Financial Statements
for the year ended 31 December 2011

7. INCOME TAX EXPENSE (cont'd)

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

Reconciliation of average effective tax charge to applicable tax charge	2011 €'000	2010 €'000
Profit before tax	77,764	55,665
Less share of joint ventures	(1,287)	(1,365)
	76,477	54,300
Applicable notional tax charge (12.5%)	9,560	6,788
Expenses not deductible for tax purposes	6,221	6,847
Net effect of differing tax rates	2,926	(948)
Impact of change in tax rates	(590)	-
Other items	(3,223)	(6,090)
Total effective tax charge	14,894	6,597

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK reduced from 28% to 26% on 1 April 2011. Furthermore, Finance Act 2011 was substantively enacted on 5 July 2011 and provided for a reduction in the corporate income tax rate to 25% from 1 April 2012. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. As such, the rate reduction to 25% is reflected in the closing deferred tax balance. Further reductions in the corporate tax rate of 1% per annum reaching 23% on 1 April 2014 have been announced. The Finance Act 2011 did not include these additional rate reductions so they are not substantively enacted and therefore not reflected in the closing deferred tax balance.

A deferred tax benefit of €590,000 has been recognised in the Consolidated Income Statement as a result of this change in rate for year ended 31 December 2011.

The total value of deductible temporary differences which have not been recognised is €9,040,000 consisting mainly of tax losses forward. €3,250,000 of the losses expire within 20 years while all other losses may be carried forward indefinitely.

No provision has been made for tax in respect of unremitted earnings as there is no commitment to remit earnings.

8. EARNINGS PER SHARE

	2011 €'000	2010 €'000
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	61,835	48,657

	Number of shares ('000) 2011	Number of shares ('000) 2010
Weighted average number of ordinary shares for the calculation of basic earnings per share	166,631	166,385
Dilutive effect of share options	3,188	3,759
Weighted average number of ordinary shares for the calculation of diluted earnings per share	169,819	170,144

	2011 € cent	2010 € cent
Basic earnings per share	37.1	29.2
Diluted earnings per share	36.4	28.6
Adjusted basic (pre amortisation) earnings per share	40.0	32.0

The number of options which are anti-dilutive and have therefore not been included in the above calculations is 1,727,597 (2010: 5,779,304).

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for the year ended 31 December 2011

9. GOODWILL

	2011 €'000	2010 €'000
At 1 January	**318,216**	300,021
Additions relating to current year acquisitions (note 23)	**49,115**	205
Net exchange difference	**6,628**	17,990
Carrying amount 31 December	**373,959**	318,216
At 31 December		
Cost	**416,607**	360,864
Accumulated impairment losses	**(42,648)**	(42,648)
Net carrying amount	**373,959**	318,216

Impairment Testing

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is either at the individual or combination CGU level. For this purpose, 11 CGUs have been identified in the Group (2010: 11).

The 11 CGUs convert into 8 for the purposes of the goodwill impairment exercise, because the Offsite Timberframe CGU and the Australian Insulation Boards CGU are both tested as part of the Insulation Boards goodwill impairment test and the Australia/New Zealand Panels CGU is tested as part of the Insulated Panels goodwill impairment test, to reflect the manner in which the related goodwill is monitored by management for internal reporting purposes.

Segments	No. of CGUs	Name of CGUs
Insulated Panels	4	Insulated Panels Western Europe, CEMEI, Panels North America, Panels Australia/New Zealand
Insulation Boards	3	Insulation, Insulation Australia, Offsite Timberframe
Environmental	2	Environmental, Hot Water Systems (HWS) / Renewables
Access Floors	2	Access Floors Europe, Access Floors North America
Total cash-generating units	11	

The impairment testing for the CGUs (combination of CGUs) is carried out at the following level:

Impairment Testing Level	CGUs included
1. Insulated Panels Western Europe	Insulated Panels Western Europe - Panels Aus/NZ
2. Panels CEMEI	Panels CEMEI
3. Panels North America	Panels North America
4. Insulation Boards	Insulation - Insulation Australia - Offsite Timberframe
5. Environmental	Environmental
6. HWS/Renewables	HWS/Renewables
7. Access Floors Europe	Access Floors Europe
8. Access Floors North America	Access Floors North America

Impairment testing methodology

The recoverable amounts of the CGUs are determined from value-in-use calculations based on 5 year financial forecasts approved by the Board of Directors, with year 1 extracted from budget and years 2-5 extracted from the Strategic Plan. The cash flow projections are based on projected results of the individual cash generating units. They include assumptions regarding future organic growth and allow for negative growth in some CGU's in certain years. Cash flows after year 5 are assumed to continue in perpetuity at a rate of 2% reflecting inflation. Sensitivity analysis is carried out on all budgets and strategic plans used in the calculations.

The discount factor is based on a weighted average cost of capital incorporating relevant government bonds for the risk-free rate, equity risk premium and cost of debt appropriate to the Group.

The discount rate applied reflects the specific risks of each CGU (or combination of CGUs). The discount rate used is between 9.3% and 10.3%. The higher discount rates are used in potentially higher risk markets such as Eastern Europe, while a lower rate is applied to more stable markets such as Western Europe and North America.

The key assumptions for these forecasts include management's estimates of revenue growth, future profitability and level of working capital required to support trading, together with future capital expenditure requirements. These assumptions are consistent with the prior year. Different sensitivity assumptions are used for those CGUs or combinations of CGUs where the associated goodwill is greater than 20% of the total.

No impairment losses were recognised by the Group in 2011 (2010: nil). Goodwill impairment charges, where they arise, are included within operating costs in the Consolidated Income Statement.

The impairment testing carried out on the goodwill at 31 December 2011 identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value.

Notes to the Financial Statements
for the year ended 31 December 2011

9. GOODWILL (cont'd)

Sensitivity analysis

Different assumptions measuring the sensitivity of the method used are systematically tested using the following parameters:

- 10% change in annual average growth rate of sales with appropriate reduction in the appropriate EBITDA margin
+/- 1-2% change in discount rate applied to cash flows
The key sensitivity for the impairment calculation is the growth in sales and EBITDA margin. Applying these techniques, no impairment would arise in 2011.

Significant Goodwill

CGUs or combinations of CGUs for which the carrying amount of goodwill is significant for the purposes of impairment testing in comparison with the Group's total carrying amount of goodwill are deemed by management to be as follows:

	Panels North America		Panels Western Europe		Insulation	
	2011 €'000	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000
Carrying amount of goodwill (€'000)	**76,724**	75,051	**65,111**	64,946	**96,467**	48,605
Carrying amount of intangible assets with indefinite useful lives	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Basis upon which recoverable amount assessed	discounted cash flows		discounted cash flows		discounted cash flows	
Discount rate	**9.3%**	9.3%	**9.3%**	9.3%	**9.3%**	9.3%

Forecast EBIDTA in Panels North America, Panels Western Europe and Insulation would need to drop by 42%, 62% and 40% respectively for an impairment to arise.

10. OTHER INTANGIBLE ASSETS

As at 31 December 2011

Cost	**Customer Relationships €'000**	**Patents & brands €'000**	**Other intangibles €'000**	**Total €'000**
At 1 January	6,538	18,668	4,105	**29,311**
Acquisitions through business combination (note 23)	6,200	658	-	**6,858**
Net exchange difference	202	255	(11)	**446**
At 31 December	12,940	19,581	4,094	**36,615**
Accumulated amortisation				
At 1 January	(3,909)	(15,119)	(3,826)	**(22,854)**
Charge for year	(2,837)	(1,699)	(209)	**(4,745)**
Net exchange difference	(246)	(239)	(1)	**(486)**
At 31 December	(6,992)	(17,057)	(4,036)	**(28,085)**
Net book value	5,948	2,524	58	**8,530**

As at 31 December 2010

Cost	**Customer Relationships €'000**	**Patents & brands €'000**	**Other intangibles €'000**	**Total €'000**
At 1 January	5,856	18,194	4,062	28,112
Additions	92	35	-	127
Net exchange difference	590	439	43	1,072
At 31 December	6,538	18,668	4,105	29,311
Accumulated amortisation				
At 1 January	(1,710)	(13,015)	(3,082)	(17,807)
Charge for year	(2,058)	(1,848)	(705)	(4,611)
Net exchange difference	(141)	(256)	(39)	(436)
At 31 December	(3,909)	(15,119)	(3,826)	(22,854)
Net book value	2,629	3,549	279	6,457

Notes to the Financial Statements for the year ended 31 December 2011

11. JOINTLY CONTROLLED ENTITIES

The following are jointly controlled entities, in which the Group holds 50% of the voting shares, which have been incorporated into the Consolidated Financial Statements using the proportionate consolidation method of accounting.

Kingspan Tarec Industrial Insulation Limited
Kingspan Tarec Industrial Insulation NV

The aggregate amounts relating to these entities that have been included in the Consolidated Financial Statements are as follows:

	2011 €'000	2010 €'000
Non-current assets	**4,975**	5,141
Current assets	**6,412**	6,045
	11,387	11,186
Non-current liabilities	**(1,754)**	(1,717)
Current liabilities	**(5,899)**	(6,620)
	(7,653)	(8,337)
Revenue	**17,629**	17,425
Cost of sales	**(12,680)**	(12,512)
Gross profit	**4,949**	4,913
Operating costs	**(3,658)**	(3,545)
Profit for the year before income tax	**1,291**	1,368
Income tax expense	**(3)**	(3)
Net result for the year	**1,288**	1,365

12. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2011	**Land and buildings €'000**	**Plant and machinery €'000**	**Motor vehicles €'000**	**Total €'000**
Cost or valuation	**291,221**	**600,689**	**13,522**	**905,432**
Accumulated depreciation (and impairment charges)	**(59,430)**	**(392,928)**	**(9,834)**	**(462,192)**
Net carrying amount	**231,791**	**207,761**	**3,688**	**443,240**
At 1 January 2011, net carrying amount	214,657	190,436	3,539	**408,632**
Acquisitions through business combinations	25,340	23,334	300	**48,974**
Additions	4,196	22,620	1,977	**28,793**
Disposals	(1,178)	(1,765)	(425)	**(3,368)**
Reclassification	(2,995)	2,971	24	**-**
Depreciation charge for year	(7,316)	(28,995)	(1,603)	**(37,914)**
Impairment charge for year	(1,182)	(520)	-	**(1,702)**
Reanalysed as "held for sale" (Note 16)	(232)	-	-	**(232)**
Effect of movement in exchange rates	501	(320)	(124)	**57**
At 31 December 2011, net carrying amoung	**231,791**	**207,761**	**3,688**	**443,240**

Notes to the Financial Statements
for the year ended 31 December 2011

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at 31 December 2010	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Total €'000
Cost or valuation	261,866	479,696	9,883	751,445
Accumulated depreciation (and impairment charges)	(47,209)	(289,260)	(6,344)	(342,813)
Net carrying amount	214,657	190,436	3,539	408,632
At 1 January 2010, net carrying amount	192,930	203,227	3,832	399,989
Acquisitions through business combinations	-	-	16	16
Additions	3,199	17,380	1,545	22,124
Disposals	(716)	(1,381)	(278)	(2,375)
Reclassification	7,038	(7,041)	3	-
Depreciation charge for year	(6,156)	(27,802)	(1,665)	(35,623)
Impairment charge for year	(675)	(1,994)	(13)	(2,682)
Reanalysed as "held for sale" (Note 16)	13,740	-	-	13,740
Effect of movement in exchange rates	5,297	8,047	99	13,443
At 31 December 2010, net carrying amoung	214,657	190,436	3,539	408,632

The carrying amounts and depreciation of assets held under finance leases included above is as follows:

	€
NBV	101,000 (2010: €798,000)
Depreciation	49,000 (2010: €6,000)

Included within the cost of plant and machinery are assets in the course of construction to the value of €9,758,000 (2010: €5,159,000). These assets have not yet been depreciated.
Included within the cost of land and buildings are assets in the course of construction to the value of €nil (2010: €34,000).

Impairment provisions
The impairments recognised in the year amount to €1,702,000 (2010: €2,682,000) of which €1,182,000 relates to land and buildings, €520,000 to plant and machinery. The impairments were required in order to reduce the carrying value of the assets to reflect market value based on up to date valuations.

13. FINANCIAL ASSETS & INVESTMENTS IN SUBSIDIARIES

GROUP

	2011 €'000	2010 €'000
Long term financial assets:		
Unlisted investments	-	10
	-	10

The Group's unlisted investments have been impaired to nil.

Notes to the Financial Statements
for the year ended 31 December 2011

13. FINANCIAL ASSETS & INVESTMENTS IN SUBSIDIARIES (cont'd)

COMPANY

	2011 €'000	2010 €'000
Investments in Subsidiaries:		
At 1 January	**1,079,390**	1,077,459
Share options and awards adjustment	**7,226**	3,708
Impairment	**-**	(1,777)
At 31 December	**1,086,616**	1,079,390

The share options and awards adjustment reflects the fair value of employee services attributable to subsidiary undertakings, which are treated as capital contributions by the parent.

14. INVENTORIES

	2011 €'000	2010 €'000
Raw materials and consumables	**117,712**	102,699
Work in progress	**5,595**	2,217
Finished goods	**58,756**	42,527
Inventory impairment allowance	**(21,402)**	(18,408)
At 31 December	**160,661**	129,035

A total of €943.6m of inventories was included in the Consolidated Income Statement as an expense (2010: €720.3m). This includes an amount of €3m arising from the write down of inventories (2010: €4m reversal of impairment provisions). Inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts. In 2010, certain inventory items which had been partially provided against were re-engineered and sold for amounts greater than previously estimated. Certain other inventory items, which had previously been impaired on the basis of age, were sold for amounts greater than carrying value. In 2010, these sales resulted in the reversal of provisions in the amount of approximately €4m.

No inventories have been pledged as security for liabilities entered into by the Group.

15. TRADE AND OTHER RECEIVABLES

	GROUP	
	2011 €'000	2010 €'000
Amounts falling due within one year:		
Trade receivables, gross	**289,469**	238,205
Impairment allowance	**(25,131)**	(20,158)
Trade receivables, net	**264,338**	218,047
Other receivables	**4,410**	5,652
Prepayments	**13,054**	12,650
	281,802	236,349

The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

Notes to the Financial Statements for the year ended 31 December 2011

15. TRADE AND OTHER RECEIVABLES (cont'd)

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were determined to be impaired and an impairment allowance of €25,131,000 (2010: €20,158,000) has been recorded accordingly. The movement on the impairment allowance is analysed as follows:

	2011 €'000	2010 €'000
At 1 January	**20,158**	23,096
Effect of movement in exchange rates	**160**	355
Provided during the year	**10,226**	10,939
Written off during the year	**(3,504)**	(1,403)
Released during the year	**(1,909)**	(12,829)
At 31 December	**25,131**	20,158

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end uses and geographies. The Group has in place a comprehensive credit insurance policy covering a substantial portion of trade receivables.

Aged Analysis

The aged analysis of gross trade receivables split between amounts that were neither past due nor impaired and amounts past due but not impaired at the year end was as follows:

	2011 €'000	2010 €'000
Neither past due nor impaired		
- Invoice date less than 90 days	**184,721**	146,644
- Invoice date greater than 90 days	**3,501**	8,737
Past due but not impaired		
- 0 to 60 days overdue	**45,865**	39,475
- 60+ days overdue	**30,134**	12,139
Past due and impaired (fully or partially)	**25,248**	31,210
	289,469	238,205

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is €nil (2010: €112,000).
The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

16. ASSETS HELD FOR SALE

	2011 €'000	2010 €'000
Property:		
Insulation Boards	**160**	947
Environmental	**232**	711
	392	1,658

	2011 €'000	2010 €'000
Opening Balance	**1,658**	19,010
Reclassified from/(to) property, plant and equipment	**232**	(13,740)
Acquired during the year	**23,008**	-
Disposals	**(24,545)**	(3,612)
Effect of movement in exchange rates	**39**	-
Closing Balance	**392**	1,658

Notes to the Financial Statements
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16. ASSETS HELD FOR SALE (cont'd)

Included in the above movements during 2011 are two of the acquired CIE entities which the Group both acquired and subsequently disposed of, at a value of €23,008,000. See note 23 for further information. The Group classified certain properties as assets held for sale as at 31 December 2009, arising from restructuring activity. The sales were expected to complete during 2010 and the other conditions in IFRS 5 were met. However the sale of a number of these properties did not proceed as planned and so they were reclassified back to property, plant and equipment in the period to 31 December 2010.

At 31 December 2011 €392,000 of the properties meet the requirements of IFRS 5 for classification as held-for-sale assets in that their sale has been assessed as highly probable, and have been reclassified accordingly. The disposals are expected to be completed on or before 31 December 2012. Once reclassified as held-for-sale, the properties are no longer depreciated.

17. TRADE AND OTHER PAYABLES

Amounts falling due within one year	**2011** **€'000**	2010 €'000
Trade payables	**123,723**	93,024
Accruals	**110,304**	99,586
Deferred income	**619**	1,056
Irish income tax & social welfare	**515**	619
Other income tax & social welfare	**9,906**	7,622
Value added tax	**7,988**	753
	253,055	202,660

The directors consider that the carrying amount of trade and other payables approximate to their fair value.

18. INTEREST BEARING LOANS AND BORROWINGS

	2011 **€'000**	2010 €'000
Current financial liabilities		
Bank loans and overdrafts (unsecured)	**10,233**	13,463
Finance lease obligations	**197**	796
	10,430	14,259

	2011 **€'000**	2010 €'000
Non-current financial liabilities		
Private placements	**315,111**	149,076
Bank loans (unsecured)	**2,685**	64,595
	317,796	213,671

Analysis of Net Debt	**2011** **€'000**	2010 €'000
Cash and cash equivalents	**141,067**	104,402
Derivative financial instruments	**17,070**	2,712
Current borrowings	**(10,430)**	(14,259)
Non current borrowings	**(317,796)**	(213,671)
Total net debt	**(170,089)**	(120,816)

Net debt, which is a non GAAP measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives which are used for transactional hedging are not included in the definition of net debt.

More details of the Group's loans and borrowings are set out in note 20.

Notes to the Financial Statements
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19. DEFERRED CONSIDERATION

For each acquisition for which deferred consideration has been provided, an annual review takes place to evaluate if the appropriate conditions are likely to be met.

The movement in the provision is analysed as follows:

	2011 **€'000**	2010 €'000
Opening balance	**2,781**	3,307
Effect of movement in exchange rates	**83**	478
Arising on current year acquisitions	**362**	-
Released during year	**(15)**	(22)
Amounts paid	**(2,387)**	(982)
Closing balance	**824**	2,781

Of the amount due at the reporting date, €344,000 is due after one year (2010: €nil).

The contingent element of the deferred consideration liability is assessed based on a series of trading performance targets and a range of probabilities and outcomes.

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management
In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, and credit risk. The Group's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Group's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The Group's risk management strategies include the usage of derivatives (otherwise than for speculative transactions), mainly forward exchange contracts, interest rate swaps, and cross currency interest rate swaps.

Liquidity risk
In addition to the high level of free cash flow, the Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to meet its liabilities when due.

The Group's core funding is provided by two private placements totalling US $400m, of which US $158m matures in March 2015, US $42m matures in March 2017 and a further US $200m matures in 2021.

In addition the Group has a committed revolving credit facility of €330m maturing in September 2013. This facility was fully undrawn at year end. Both the private placement and the revolving credit facility have an interest cover test (Net Interest: EBITDA must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). In addition, the revolving credit facility has a requirement that the Group's net assets must exceed €400m. These covenant tests have been met for the covenant test period to 31 December 2011.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total c. €51m and are mostly supported by a Group guarantee.

Notes to the Financial Statements
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20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount 2011 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	11,109	11,276	10,255	653	368	-
Private placement loan notes	315,111	419,104	15,981	16,069	160,028	227,026
Other loans	1,809	1,809	94	-	-	1,715
Finance lease liabilities	197	197	197	-	-	-
Trade and other payables	253,055	253,055	253,055	-	-	-
Deferred consideration	824	824	480	344	-	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying Values	(2,664)					
Net Inflows		3,014	733	679	1,445	157
Cross currency interest rate swaps used for hedging:						
Carrying Value	(14,407)					
- outflow		303,661	9,568	9,461	141,537	143,095
- inflow		323,768	12,699	12,787	150,182	148,101
Foreign exchange forwards used for hedging:						
- Carrying Value Assets	(39)					
- Carrying Value Liabilities	21					
- outflow		53,356	-	-	-	-
- inflow		53,571	-	-	-	-

	Carrying amount 2010 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	78,129	78,129	13,535	-	62,865	1,729
Private placement loan notes	149,075	182,985	6,384	6,384	136,311	33,906
Finance lease liabilities	796	796	796	-	-	-
Trade and other payables	202,660	202,660	202,660	-	-	-
Deferred consideration	2,781	2,781	2,781	-	-	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging						
Carrying Value	-					
Net Outflow		258	207	51	-	-
Cross currency interest rate swaps used for hedging:						
Carrying Value	(2,712)					
- outflow		182,985	6,384	6,384	136,311	33,906
- inflow		187,146	7,727	7,727	137,911	33,781

For provisions, the carrying amount represents the Group's best estimate of the expected future outflows. As it does not represent a contractual liability at the year end, no amount has been included as a contractual cash flow.

Notes to the Financial Statements
for the year ended 31 December 2011

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Foreign exchange risks

As outlined in the Business Risk Analysis, there are two types of foreign currency risk to which the Group is exposed, namely transaction risk and translation risk.

Transaction risk

This arises where operating units have input costs or sales in currencies other than their functional currencies. Transactional FX exposures are internally hedged as far as possible and to the extent that they are not, such material residual exposures are hedged on a rolling 12-month basis. The Group's main exposure on transactional FX relates to GBP and USD, with less significant exposures to certain central European currencies.

In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their reporting currency, its translation at the year end rate of exchange versus their reporting currency will give rise to FX gains and losses.

Based on current cashflow projections for the existing businesses to 31 December 2012, it is estimated that the Group is long c. GBP£98m against EUR. At 31 December 2011 hedges were in place covering c.45% of this exposure. The Group is short c.USD$19m against GBP. At 31 December 2011 this was unhedged.

Translation risk

This exists due to the fact that the Group has operations whose functional currency is not the EUR, the Parent's functional currency. Changes in the exchange rate between the reporting currencies of these operations and the EUR, have an impact on the Group's consolidated reported result. For 2011, the impact of changing FX rates versus EUR compared to the average 2010 rates was positive €2m. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP or USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €8m or impact equity of the group by €8m.

US Dollar Loan Notes

2005 Private Placement

The Group had a Private Placement of US$158m fixed interest 10-year bullet repayment loan notes maturing on 29 March 2015 and US$42m fixed interest 12-year bullet repayment loan notes maturing on 29 March 2017. The Group, which was mainly Euro denominated when the Private Placement was raised, and had mostly Euro cash flow, wished to economically hedge the risk and therefore entered into US dollar fixed/Euro fixed cross currency interest rate swaps for the full amount of the private placement with semi-annual interest payments with a weighted average interest rate of 4.15%. The maturity dates of these cross currency interest rate swaps is identical to the maturity date of the private placement debt.

Prior to February 2010, these cross currency interest rate swaps had not been designated under the IAS 39 hedge accounting rules. Consequently the change in fair value of the cross currency interest rate swaps was recognised in the Consolidated Income Statement and the translation gain on the private placement debt is also recognised in the Consolidated Income Statement in accordance with IAS 21 above.

On 26 February 2010, these cross currency interest rate swaps were designated as Cashflow Hedges under IAS 39, as all of the requirements for designation had been met. Any further changes in the fair values of the swaps or in the translation of the debt itself will be adjusted through reserves, thus removing any significant volatility from reported earnings.

2011 Private Placement

In August 2011 the Group issued a second Private Placement of US$200 fixed interest 10 year bullet repayment loan notes maturing in August 2021. In order to align the Groups debt profile with its risk management strategy the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange and interest rate exposures. The group entered into US dollar fixed / GBP floating cross currency interest rate swaps for US $118.6m of the Private Placement. The fixed rate and maturity date on the swaps match the fixed rate on the Private Placement. In August 2011 The Group issued a second Private Placement of US$200 fixed interest 10 year bullet repayment loan notes maturing on 8 August 2021. In order to align the Groups debt profile with its risk management strategy the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange an interest rate exposures. The group entered into US dollar fixed / GBP floating cross currency interest rate swaps for US $118.6m of the Private Placement. The fixed rate and maturity date on the swaps match the fixed rate on the Private Placement. The benchmark interest rate and credit spread have been separately identified and designated for hedge accounting purposes.The Group also entered into US $ interest rate swaps for US $40m of the Private Placement. The fixed rate and maturity date on the swaps match the fixed rate on the Private Placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IAS 39 at 31 December 2011.

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for the year ended 31 December 2011

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Interest Rate Risk

The Group has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

At 31 December 2011, the Group's Private Placement debt of €151m (swapped from USD200m) was fixed out to maturity (2015 and 2017) at a weighted average interest rate of 4.15%. In August 2011 the Group entered into a second Private Placement for US $200m at a fixed rate of 5.25%. US $40m of this was swapped into US $ floating rate interest at Libor plus margin, US $41.4m was kept as fixed rate debt and US $118.6m was swapped into GBP floating rate interest at Libor plus a margin.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the year-end and the periods over which they mature. Interest on interest bearing loans and borrowings classified as floating rate is repriced at intervals of less than one year. The table further analyses interest bearing loans and borrowings by currency and fixed/floating mix.

As at 31 December 2011

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank overdrafts	5.00%	3,693	-	3,693	3,693	-
Bank loans	2.30%	7,416	5,561	1,855	7,416	-
Loan notes	4.20%	315,111	185,396	129,715	121,344	193,767
Other loans	0%	1,809	1,752	57	1,809	-
		328,029	192,709	135,320	134,263	193,767

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	158,011	157,938	73
GBP	96,321	-	96,321
USD	70,019	34,771	35,248
Others	3,678	-	3,678
	328,029	192,709	135,320

As at 31 December 2010

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank overdrafts	3.05%	4,921	-	4,921	4,921	-
Bank loans	1.47%	60,673	14,908	45,765	60,673	-
Loan notes	4.15%	149,075	149,075	-	117,770	31,305
Other loans	8.10%	12,463	-	12,463	10,734	1,729
		227,132	163,983	63,149	194,098	33,034

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	150,823	149,075	1,748
USD	60,673	14,908	45,765
Others	15,636	-	15,636
	227,132	163,983	63,149

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Weighted average maturity of debt in years ***4.0 years***

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would impact reported after tax profit by €1.4m and on equity of the Group by €1.4m, (2010: €0.6m).

Credit risk

Credit risk encompasses the risk of financial loss to the Group of counterparty default in relation to any of its financial assets. The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset:

	2011 €'000	2010 €'000
Cash & cash equivalents	**141,067**	104,402
Trade and other receivables	**281,802**	236,279
Derivative financial assets	**17,110**	2,782

Analysis of trade receivables and the movement on impairment allowances is set out in note 15.

Cash & cash equivalents

On the Group's cash and cash equivalents, counterparty risk is managed by dealing with banks that have a minimum credit rating and by spreading business across a portfolio of relationship banks.

Financial instruments by category

The carrying amount of financial assets presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2011	**Loans and receivables €'000**	**Derivatives designated as hedging instruments €'000**	**Other €'000**	**Total €'000**
Current:				
Trade receivables	264,338	-	-	**264,338**
Other receivables	-	-	4,410	**4,410**
Prepayments	-	-	13,054	**13,054**
Cash and cash equivalents	141,067	-	-	**141,067**
Derivative financial instrument	-	2,947	-	**2,947**
Total for category	405,405	2,947	17,464	**425,816**
Non current:				
Derivative financial instrument	-	14,163	-	**14,163**
	-	14,163	-	**14,163**

2010	**Loans and receivables €'000**	**Derivatives designated as hedging instruments €'000**	**Other €'000**	**Total €'000**
Current:				
Trade receivables	218,047	-	-	**218,047**
Other receivables	-	-	5,652	**5,652**
Prepayments	-	70	(12,580)	**(12,650)**
Cash and cash equivalents	104,402	-	-	**104,402**
Derivative Financial Instrument	-	1,407	-	**1,407**
Total for category	322,449	1,477	(18,232)	**(342,158)**
Non current:				
Derivative financial instrument	-	1,305	-	**1,305**
	-	1,305	-	**1,305**

Notes to the Financial Statements
for the year ended 31 December 2011

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

The carrying amounts of financial liabilities presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2011	Designated at fair value through profit or loss €'000	Financial liabilities measured at amortised cost €'000	Derivatives designated as hedging instruments €'000	Other €'000	Total €'000
Current:					
Borrowings	-	10,430	-	-	**10,430**
Trade payables	-	-	-	123,723	**123,723**
Accruals and deferred income	-	-	-	110,923	**110,923**
Derivative financial instrument	-	-	21	-	**21**
Total for category	-	10,430	21	234,646	**245,097**
Non current:					
Borrowings	33,390	284,406	-	-	**317,796**
Derivative financial instrument	-	-	-	-	-
Total for category	33,390	284,406	-	-	**317,796**
2010					
Current:					
Borrowings	-	14,259	-	-	14,259
Trade payables	-	-	-	93,024	93,024
Accruals and deferred income	-	-	-	100,642	100,642
Derivative financial instrument	-	-	-	-	-
Total for category	-	14,259	-	193,666	207,925
Non current:					
Borrowings	-	213,671	-	-	213,671
Derivative financial instrument	-	-	-	-	-
Total for category	-	213,671	-	-	213,671

Fair value hierarchy

Where derivatives are traded either on exchanges or liquid over-the-counter markets the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and and cross currency interest reat swaps.

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2011 the total capital employed in the Group was as follows:

	2011 €'000	2010 €'000
Net Debt	**170.1**	120.8
Equity	**735.0**	666.9
Total Capital Employed	**905.1**	787.7

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group actively manages foreign currency and interest rate exposure, as well as actively managing the net asset position, in order to create bottom line value. This necessitates the development of a methodology to optimise the allocation of financial resources on the one hand and the return on capital on the other.

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities. These covenants include a requirement that the net assets of the Group be maintained at a minimum level of €400m.

There were no changes to the Group's approach to capital management during the year.

21. PROVISIONS FOR LIABILITIES

	2011 €'000	2010 €'000
Guarantees and warranties	**48,746**	49,380
Litigation	**7,066**	9,421
Total	**55,812**	58,801
Current liability	**45,955**	50,683
Non-current liability	**9,857**	8,118
	55,812	58,801

Guarantees and warranties

	2011 €'000	2010 €'000
At 1 January	**49,380**	59,059
Acquisitions through business combinations	**3,690**	-
Provided during year	**29,367**	17,808
Claims paid	**(18,439)**	(19,623)
Provisions released	**(15,808)**	(10,066)
Effect of movement in exchange rates	**556**	2,202
At 31 December	**48,746**	49,380
Current liability	**38,889**	41,262
Non-current liability	**9,857**	8,118
	48,746	49,380

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause a material change in the provision. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be insignificant. However, discounting may apply in the future if the non-current element of the provision becomes significant such that the discounting impact would be material.

Litigation

	2011 €'000	2010 €'000
At beginning of year	**9,421**	1,500
Provided during year	**3,806**	7,921
Legal costs paid	**(6,302)**	-
Effect of movement in exchange rates	**141**	-
At 31 December	**7,066**	9,421
Current liability	**7,066**	9,421
Non-current liability	**-**	-
	7,066	9,421

The provision refers to ongoing litigation cases where the Group is the plaintiff. Further information has not been disclosed as it could seriously prejudice the Group's position on the subject matter of the provision. There are no litigation cases ongoing where the Group is a defendant which carry any potentially material costs.

Notes to the Financial Statements
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22. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arising from temporary differences and unused tax losses can be summarised as follows:

	Assets		Liabilities		Net	
	2011 €'000	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000
Property, plant and equipment	**(1,014)**	1,146	**(20,433)**	(20,082)	**(21,447)**	(18,936)
Other timing differences	**8,590**	3,626	**(577)**	1,542	**8,013**	5,168
Pension obligations	**-**	-	**348**	459	**348**	459
Unused tax losses	**-**	828	**-**	294	**-**	1,122
	7,576	5,600	**(20,662)**	(17,787)	**(13,086)**	(12,187)

Deferred tax arises from differences in the timing of the recognition of items, principally depreciation and capital allowances, in the Financial Statements and by the tax authorities.

The movement in the net deferred tax position for 2011 is as follows:

	Balance 1 Jan. 2011	Recognised in profit or loss	Recognised in equity	Recognised in other comprehensive income	Translation adjustment	Arising on acquisitions	Balance 31 Dec. 2011
Property, plant and equipment	(18,936)	(997)	-	-	2,172	(3,686)	(21,447)
Other timing differences	5,168	4,113	255	-	(1,523)	-	8,013
Pension obligations	459	(931)	-	815	5	-	348
Unused tax losses	1,122	(1,286)	-	-	164	-	-
	(12,187)	899	255	815	818	(3,686)	(13,086)

The movement in the net deferred tax position for 2010 is as follows:

	Balance 1 Jan. 2010	Recognised in profit or loss	Recognised in equity	Recognised in other comprehensive income	Translation adjustment	Arising on acquisitions	Balance 31 Dec. 2010
Property, plant and equipment	(17,258)	446	-	-	(2,124)	-	(18,936)
Other timing differences	3,644	(1,091)	943	-	1,672	-	5,168
Pension obligations	1,460	(1,300)	279	-	20	-	459
Unused tax losses	1,548	(777)	-	-	351	-	1,122
	(10,606)	(2,722)	1,222	-	(81)	-	(12,187)

23. ACQUISITIONS

Effective 18 January 2011 and 25 March 2011, and in order to expand its market penetration, geography and market presence, the Group acquired two parts of the European insulation business of CRH Insulation Europe (CIE) by acquiring a combination of 100 percent of the shares, voting interests and certain assets. The acquired businesses are primarily involved in the manufacture of high performance insulation boards and insulated roofing elements.

In addition to the CIE acquisition, there were two small acquisitions. The first acquisition was within the insulation business for a consideration €0.7m, of which €0.3m has been deferred and is contingent on future trading performance. The other acquisition was within the Environmental division and involved the Group bolstering its wind development operations by acquiring a business for a cash consideration of €2.0m. These amounts are incorporated in the table below.

Notes to the Financial Statements for the year ended 31 December 2011

23. ACQUISITIONS (cont'd)

The following table summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration	**€m**
Cash considerations (net of cash acquired)	130.0
Contingent deferred consideration	0.3
	130.3
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	48.8
Intangible assets	6.8
Inventories	17.2
Trade and other receivables (net of impairment provision of €1.4m)	25.6
Deferred tax liability	(3.6)
Other liabilities	(1.7)
Assets held for resale, subsequently disposed of *	23.0
Trade and other payables	(34.9)
Total net identifiable assets	**81.2**
Goodwill	**49.1**

**The Group disposed of two of the acquired CIE entities for a total consideration of €23.0m. Total cash consideration paid for all acquisitions during the year, net of cash acquired and the proceeds received on disposal, amounted to €107.0m.*

The acquired goodwill is attributable principally to the synergies expected to be achieved from integrating the acquired companies in the Group's existing Insulation Boards business. None of this goodwill is expected to be deductible for tax purposes.

In the post-acquisition period to 31 December 2011, the acquired businesses contributed revenue of €189.7m and a profit of €6.7m to the Group's results net of integration costs incurred.

Acquisition-related costs
The Group incurred acquisition-related costs of €2.0m relating to external legal fees and due diligence costs. These amounts were substantially accrued in 2010 and included in administrative expenses in the 2010 Consolidated Income Statement.

Prior year acquisitions
There was one minor acquisition in 2010, involving the acquisition by the Environmental division of a business based in the UK.

The total consideration for this business was €175,000, which was paid in cash, with net liabilities of €30,000 being acquired. This resulted in the recognition of goodwill of €205,000 (see Note 9).

24. SHARE CAPITAL

	2011	2010
Authorised	**€'000**	€'000
220,000,000 Ordinary shares of €0.13 each	**28,600**	28,600
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 171,755,762 shares (2010: 171,503,951)	**22,325**	22,296
Share options exercised - 121,317 shares (2010: 251,811)	**19**	29
Closing balance - 171,877,079 shares (2010: 171,755,762)	**22,344**	22,325

Notes to the Financial Statements
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25. SHARE PREMIUM ACCOUNT

	2011 €'000	2010 €'000
At 1 January	**37,739**	36,486
Premium on share options exercised under employee share based compensation schemes (Note 3)	**320**	733
Premium on other shares issued	**-**	520
At 31 December	**38,059**	37,739

26. REVALUATION RESERVE

	2011 €'000	2010 €'000
At beginning and end of year	**713**	713

27. TREASURY SHARES RESERVE

	2011 €'000	2010 €'000
At 1 January	**(32,565)**	(32,565)
Employee costs	**1,858**	-
At 31 December	**(30,707)**	(32,565)

At 31 December 2011, the Group held 4,938,257 (2010: 5,237,017) treasury shares in the Company.

During the year treasury shares were used to make share awards to two executive directors, details of which are provided in the Report of the Remuneration Committee.

28. RETAINED EARNINGS

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies.

Included within Company loss for 2010 is an amount of €1.8m relating to the write down of the carrying value of investments in subsidiary companies.

29. DIVIDENDS

	2011 €'000	2010 €'000
Equity dividends on ordinary shares:		
2011 Interim dividend 4.5 cent per share (2010: 4.0 cent)	**7,483**	6,661
2010 Final dividend 6.0 cent per share (2009: nil)	**9,990**	-
	17,473	6,661
Proposed for approval at AGM		
Final dividend of 6.5 cent per share (2010: 6.0 cent)	**10,870**	9,789

This proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2011 in accordance with IAS 10 Events After the Balance Sheet Date. The proposed final dividend for the year ended 31 December 2011 will be payable on 17 May 2012 to shareholders on the Register of Members at 27 April 2012.

Notes to the Financial Statements
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30. NON-CONTROLLING INTEREST

	2011 €'000	2010 €'000
At 1 January	**4,948**	4,686
Increased investments	**200**	-
Dividends paid to non-controlling interest	**(51)**	(166)
Profit for the year allocated to non-controlling interest	**1,035**	411
Effect of movement in exchange rates	**5**	17
At 31 December	**6,137**	4,948

31. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 €'000	2010 €'000
Increase in cash and bank overdrafts	**37,022**	37,039
Increase in debt	**(85,453)**	(3,587)
Decrease in lease finance	**666**	587
Change in net debt resulting from cash flows	**(47,765)**	34,039
Translation movement - relating to US dollar loan	**(16,037)**	(9,499)
Translation movement - other	**171**	1,050
Derivative financial instruments movement	**14,358**	9,671
Net movement	**(49,273)**	35,261
Net debt at start of the year	**(120,816)**	(156,077)
Net debt at end of the year	**(170,089)**	(120,816)

32. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants

In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade, or the disposal of grant aided assets), grants may be repayable up to a maximum amount of €0.7m (2010: €2.3m).

(ii) Guarantees and contingencies

The Private Placement loan notes ($400m) and the revolving credit facility (€330m, which was fully undrawn at year-end) are both secured by means of cross guarantees provided by Kingspan Group plc and some of its subsidiaries. In addition, there are a number of local overdraft facilities in overseas locations which are secured by means of a guarantee from Kingspan Group plc, or some other subsidiary company.

The Company has provided a guarantee of £6.3m (€7.5m) in relation to an ongoing litigation in which it is the plaintiff. This guarantee could be called in circumstances where the Company is unsuccessful in its claim and costs of defending the claim are awarded to the defendant.

(iii) Leasing

	2011		2010	
	Minimum payments €'000	**Present value of payments €'000**	Minimum payments €'000	Present value of payments €'000
Finance lease and hire purchase obligations				
- within one year	**-**	**197**	-	796
Total minimum lease payments	**691**	**-**	1,357	-
Less: amounts allocated to future finance costs	**(494)**	**-**	(561)	-
Present value of minimum lease payments	**197**	**197**	796	796

Notes to the Financial Statements
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32. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (cont'd)

	2011 Minimum payments €'000	2010 Minimum payments €'000
Total obligation under non-cancellable operating leases are due as follows:		
- within one year	**5,246**	2,857
- between 1 - 5 years	**7,491**	5,097
- after 5 years	**192**	-
	12,929	7,954

(iv) Future capital expenditure
Capital expenditure in subsidiary entities, approved by the directors but not provided in the Financial Statements, none of which relates to the holding company, is as follows:

	2011 €'000	2010 €'000
Contracted for	**5,123**	3,875
Not contracted for	**6,730**	5,364
	11,853	9,239

Capital expenditure in joint venture entities, approved by the directors but not provided in the Financial Statements, is as follows:

	2011 €'000	2010 €'000
Contracted for	**635**	15
Not contracted for	**-**	-
	635	15

33. PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations, and also has two defined benefit schemes. The assets of each scheme are administered by trustees in funds independent from those of the Group.

Defined contribution schemes
The total cost charged to profit or loss of €9,855,000 (2010: €7,004,000) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €1,799,000 (2010: €1,761,000) was included at year end in accruals in respect of defined contribution pension accruals.

Defined benefit schemes
The Group operated two defined benefit schemes, both of which are closed to new members.

Total pension contributions to these schemes for the year amounted to €2,768,000 (2010: €3,206,000), and the expected contributions for 2012 are €2,762,000.

The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries. The most recent actuarial valuations were performed as of 31 March 2010 and these have been updated to 31 December 2011 by qualified independent actuaries to take account of the requirements of IAS 19, Employee Benefits.

In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

During 2010, the Group undertook an enhanced transfer value exercise in respect of the larger of the two schemes, in which deferred members were offered the opportunity to transfer out of the scheme, having taken independent financial advice, in return for either an enhancement to their standard transfer value or a cash payment from the Group. The objective of the exercise was to reduce the overall size of the scheme and therefore the volatility in the net scheme liability which is reported through the Group's reserves each year.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below.

It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

Notes to the Financial Statements
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33. PENSION OBLIGATIONS (cont'd)

Life expectancies	**2011**	2010
Life expectancy for someone aged 65 in 2011 - Males	**21.7**	21.8
Life expectancy for someone aged 65 in 2011 - Females	**23.8**	23.8
Life expectancy at age 65 for someone aged 45 in 2011 - Males	**23.2**	23.2
Life expectancy at age 65 for someone aged 45 in 2011 - Females	**25.4**	25.4
Rate of increase in salaries	**n/a**	n/a
Rate of increase of pensions in payment	**3.1%**	3.35%
Rate of increase for deferred pensioners	**2.1%**	3.5%/2.75%
Discount rate	**4.9%**	5.3%
Inflation rate	**3.1%**	3.5%

Movements in net liability recognised in the balance sheet

	2011 €'000	2010 €'000
Net liability in schemes at 1 January	**(1,628)**	(5,092)
Employer contributions	**2,768**	3,206
Credit recognised in income statement	**577**	504
Recognised in statement of comprehensive income	**(3,179)**	(998)
Foreign exchange movement	**73**	752
Net liability in schemes at 31 December	**(1,389)**	(1,628)

Defined benefit pension income/expense recognised in the income statement

	2011 €'000	2010 €'000
Current service cost	**-**	-
Settlements and movement on scheme obligations	**(2,693)**	(3,354)
Expected return on scheme assets	**3,270**	3,858
	577	504

Analysis of amount included in other comprehensive income

	2011 €'000	2010 €'000
Actual return less expected return on scheme assets	**(2,777)**	3,010
Experience loss arising on scheme liabilities (present value)	**-**	(980)
Assumptions loss arising on scheme liabilities (present value)	**(402)**	(3,028)
Actuarial losses recognised in other comprehensive income	**(3,179)**	(998)

The cumulative actuarial loss recognised in other comprehensive income to date is €14,599,000 (2010: €11,420,000).

In 2011, the actual return on plan assets was €582,000 (2010: €6,868,000).

Notes to the Financial Statements
for the year ended 31 December 2011

33. PENSION OBLIGATIONS (cont'd)

Asset Classes and Expected Rate of Return

The assets in the scheme and the expected rate of return for each year end were as follows:

Expected Return	2011	2010
Equities	**6.0%**	7.5%
Bonds (Corporates)	**4.9%**	5.4%
Bonds (Gilts)	**2.5%**	4.0%
Cash	**0.5%**	0.5%

Asset Classes as % of Total Scheme Assets		
Equities	**68.6%**	70.1%
Bonds (Corporates)	**9.4%**	9.9%
Bonds (Gilts)	**20.5%**	19.8%
Cash	**1.5%**	0.2%
	100.0%	100.0%

Net Pension Liability

The net pension liability is analysed as follows:

	2011 €'000	2010 €'000
Equities	**35,950**	34,762
Bonds (Corporates)	**4,948**	4,900
Bonds (Gilts)	**10,737**	9,812
Cash	**788**	107
Fair market value of plan assets	**52,423**	49,581
Present value of obligation	**(53,812)**	(51,209)
Deficit in the scheme	**(1,389)**	(1,628)
Related deferred tax asset	**348**	459

Changes in Present Value of Defined Benefit Obligations	2011 €'000	2010 €'000
At 1 January	**51,209**	57,611
Current service cost	**-**	-
Interest cost	**2,645**	3,354
Benefits paid	**(1,675)**	(1,680)
Settlement	**(16)**	(14,091)
Actuarial losses	**389**	4,005
Effect of changes in exchange rates	**1,260**	2,010
At 31 December	**53,812**	51,209

Changes in Present Value of Scheme Assets during year	2011 €'000	2010 €'000
At 1 January	**49,581**	52,519
Expected return on scheme assets	**3,270**	3,858
Employer contributions	**2,768**	3,206
Benefits paid	**(1,675)**	(1,680)
Settlement	**(63)**	(13,160)
Actuarial (losses)/gains	**(2,688)**	3,007
Effect of changes in exchange rates	**1,230**	1,831
At 31 December	**52,423**	49,581

Notes to the Financial Statements
for the year ended 31 December 2011

33. PENSION OBLIGATIONS (cont'd)

History of Asset, Liabilities, Experience Gains and Losses	**2011 €'000**	2010 €'000	Restated 2009 €'000	2008 €'000	2007 €'000
Fair value of plan assets	**52,423**	49,581	52,519	39,717	61,371
Present value of defined benefit obligation	**(53,813)**	(51,209)	(57,611)	(43,455)	(67,880)
Surplus/(deficit) in scheme	**(1,390)**	(1,628)	(5,092)	(3,738)	(6,509)
Experience gains/(losses) arising on scheme liabilities (present value)	**-**	(980)	397	(794)	13,762
% of defined benefit obligation	**-**	1.9%	(0.7%)	1.8%	(20.3%)
Assumptions (loss)/gain	**(402)**	(3,028)	(10,293)	11,464	(4,907)
% of defined benefit obligation	**0.7%**	5.9%	17.9%	(26.4%)	7.2%
Actual return less expected return on scheme assets	**(2,777)**	3,010	5,945	(12,310)	347
% of scheme assets	**(5.3%)**	6.1%	11.3%	(31.0%)	0.57%

34. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure under IAS 24 Related Party Disclosures relate to (i) transactions between group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from directors.

(i) Transactions between subsidiaries and associates are carried out on an arm's length basis. The Company received dividends from subsidiaries of €Nil, and there was a movement of inter company balances of €16.9m (2010: €6.1m).

Transactions with joint ventures
Related party transactions with the Group's non-wholly owned subsidiaries and joint ventures primarily comprise trading sales and capital funding, carried out on an arm's length basis. These transactions are not considered to be material.

(ii) For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company), comprise the board of directors who manage the business and affairs of the Company. As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Company. Key management personnel compensation is set out in Note 6.

(iii) The Group purchased the following services at arms length from companies controlled by Mr. Eugene Murtagh:

	2011 €'000	2010 €'000
Hotel accommodation	**12**	21
Information technology services	**48**	44
	60	65

There was €509 owed in respect of these services at 31 December 2011 (2010: €3,590).

Notes to the Financial Statements
for the year ended 31 December 2011

35. GROUP COMPANIES

The principal subsidiary and joint venture companies and the percentage shareholding held by Kingspan Group plc, either directly or indirectly, at the balance sheet date are as follows:

	Shareholding	Nature of business
IRELAND		
Aerobord Limited	100	Manufacturing
Registered Office: Askeaton, Limerick, Ireland		
Cobra Plumbing Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Europe	100	Holding Company
Kingspan Finance	100	Finance Company
Kingspan Funding Europe	100	Finance Company
Kingspan Funding Ireland	100	Finance Company
Kingspan Funding Overseas	100	Finance Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan International Finance	100	Finance Company
Kingspan Investments (CEMEI)	100	Finance Company
Kingspan Investments Europe	100	Finance Company
Kingspan Nominees Limited	100	Holding Company
Kingspan Renewables (Irl) Limited	100	Manufacturing
Kingspan Research & Development Limited	100	Product Development
Kingspan Resources Limited	100	Property Company
Kingspan Securities Limited	100	Finance Company
Kingspan Securities No. 2 Limited	100	Finance Company
Registered Office: Dublin Road, Kingscourt, Co. Cavan, Ireland.		
Kingspan Century Limited	100	Manufacturing
Registered Office: Clones Road, Monaghan, Co. Monaghan, Ireland.		
Kingspan Insulation Limited	100	Manufacturing
Registered Office: Bree Industrial Estate, Castleblayney, Co. Monaghan, Ireland.		
Kingspan Limited	100	Manufacturing
Registered Office: Carrick Road, Kingscourt, Co. Cavan, Ireland.		
Titan Environmental Limited	100	Manufacturing
Registered Office: Dundalk Road, Carrickmacross, Co. Monaghan, Ireland.		
UNITED KINGDOM		
Kingspan Environmental and Renewables Limited	100	Holding Company
Kingspan Environmental Limited	100	Manufacturing
Kingspan Renewables Limited	100	Manufacturing
Registered Office: 180 Gilford Road, Portadown, BT63 5LE Northern Ireland.		
Environmental Treatment Systems Limited	100	Manufacturing
Registered Office: College Road, Aston Clinton, Aylesbury, Buckinghamshire, HP22 5EW, UK.		
Ever 2479 Limited	100	Holding Company
Hewetson Holdings Limited	100	Holding Company
Kingspan Access Floors Holdings Limited	100	Holding Company
Kingspan Funding UK	100	Finance Company
Kingspan Group Limited	100	Holding Company
Kingspan Holdings (Insulation) Limited	100	Holding Company
Kingspan Holdings (Panels) Limited	100	Holding Company
Kingspan Holdings (Structural and Offsite) Limited	100	Holding Company
Kingspan Investments Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
Kingspan Property Limited	100	Property Company
Kingspan Services (UK) Limited	100	Services Company
Springvale Insulation Limited	100	Manufacturing
Registered Office: Greenfield Business Park No. 2, Holywell, North Wales, CH8 7GJ, UK.		

Notes to the Financial Statements for the year ended 31 December 2011

35. GROUP COMPANIES (cont'd)

	Shareholding	Nature of business
UNITED KINGDOM (cont'd)		
Ecotherm Insulation (UK) Limited	100	Manufacturing
Registered Office: Havannan Works, Hazlerigg, Newcastle Upon Tyne, NE13 7AP, UK.		
Kingspan Access Floors Limited	100	Manufacturing
Registered Office: Marfleet, Hull, Yorkshire, UK.		
Kingspan Hot Water Systems Limited	100	Manufacturing
Registered Office: Tadman Street, Wakefield, West Yorkshire, WF1 5QU, UK.		
Kingspan Insulation Limited	100	Manufacturing
Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Registered Office: Pembridge, Leominster, Herfordshire, UK.		
Kingspan Potton Limited	100	Manufacturing
Registered Office: Eltisley Road, Great Gransden, Sandy, Bedfordshire, SG19 3AR, UK.		
Unidek Limited	100	Manufacturing
Registered Office: Harvey Road, Burnt Miles Estate, Basildon, SS13 1QJ, UK.		
ALBANIA		
Kingspan Albania Limited	100	Sales & Marketing
Registered Office: Blvd. Bajram Curri, Pall Shallvare, Kati II, Tiranë, Albania.		
AUSTRALIA		
Kingspan Holdings Australia Pty Limited	100	Holding Company
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Registered Office: 38-52 Dunheved Circuit, St. Marys, Sydney, NSW 2760, Australia.		
Kingspan Insulation Pty Limited	100	Sales & Marketing
Nova-Duct Technologies	100	Services Company
Registered Office: Level 1, 10 Kings Park Road, West Perth, WA 6005, Australia.		
Tate Access Floors Pty Limited	100	Sales & Marketing
Registered Office: 'Grosvenor Place', Level 16, 225 George Street, Sydney, NSW 2000, Australia.		
AUSTRIA		
Kingspan GmbH	100	Sales & Marketing
Registered Office: Techgate Tower, Donau-City Strasse 1, 1220 Vienna, Austria.		
BELGIUM		
Kingspan Door Components S.A.	100	Manufacturing
Registered Office: 1A Zone Industrielle de l'Europe 2, 7900 Leuze-en-Hainaut, Belgium.		
Kingspan Holding Belgium N.V.	100	Holding Company
Kingspan N.V.	100	Sales & Marketing
Registered Office: Bouwelen 17, Industriepark Klein Gent, 2280 Grobbendonk, Belgium.		
Kingspan Tarec Industrial Insulation N.V.	50	Manufacturing
Registered Office: Plejadenlaan 15, 1200 Brussel, Belgium.		
Unidek N.V.	100	Sales & Marketing
Registered Office: Industrielaan 38 box a, 2250 Olen, Belgium.		
BOSNIA AND HERZEGOVINA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Knjaza Milosa bb, 78 000 Banja Luka, Bosnia and Herzegovina.		
BULGARIA		
Kingspan EOOD	100	Sales & Marketing
Registered Office: 2 Grigor Parlichev Str., Office 2 and 3, 1606 Sofia, Bulgaria.		
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Registered Office: 12557, Coleraine Drive, Ontario, ON, L7E 3B5, Canada.		
Tate ASP Access Floors Inc	100	Manufacturing
Registered Office: 66 Wellington Street West, Suite 3600, Toronto, Ontario, ON, M5K 1N6, Canada.		

Notes to the Financial Statements
for the year ended 31 December 2011

35. GROUP COMPANIES (cont'd)

	Shareholding	Nature of business
CROATIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Jakova Gotovca 1, 10 000 Zagreb, Croatia.		
CZECH REPUBLIC		
Kingspan a.s.	100	Manufacturing
Registered Office: Vázní 465, 500 03 Hradec Králové, Czech Republic.		
DENMARK		
Kingspan Denmark A/S	100	Sales & Marketing
Registered Office: Tækkemandsvej 7, 4300 Holbæk, Denmark.		
Kingspan Miljocontainere A/S	100	Manufacturing
Registered Office: Mørupvej 27-35, 7400 Herning, Denmark.		
ESTONIA		
Kingspan OU	100	Sales & Marketing
Registered Office: Mustamäe tee 55, 10621 Tallinn, Estonia.		
FINLAND		
Kingspan OY	100	Sales & Marketing
Registered Office: Linnoitustie 4 B, 02600 Espoo, Finland.		
FRANCE		
Kingspan Sarl	100	Sales & Marketing
Registered Office: Bat 3 - Parc D'affaires de Crecy, 3 Rue Claude Chappe, 69370 Saint Didier au Mont D'Or, France.		
Unidek Sarl	100	Sales & Marketing
Registered Office: 8 Rue du Maréchal de Lattre de Tassigny, 59000 Lille, France.		
GERMANY		
Kingspan Tek GmbH	100	Manufacturing
Kingspan Unidek GmbH	100	Manufacturing
Registered Office: Beusterstraße 1a, 16348 Klosterfelde, Germany.		
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holdings GmbH	100	Holding Company
Kingspan Property GmbH	100	Holding Company
Registered Office: Am Schornacker 2, 46485 Wesel, Germany.		
Kingspan Insulation GmbH & Co. KG	100	Sales & Marketing
Ecotherm GmbH	100	Holding Company
Ecotherm Verwaltungs GmbH	100	Holding Company
Registered Office: Fuggerstraße 15, 49479 Ibbenbüren, Germany.		
Anton Röhr Dämmstoff Logistik GmbH	25	Services Company
Registered Office: Gewerbestraße 8, 33397 Rietberg, Germany.		
HUNGARY		
Kingspan Kereskedelmi Kft	100	Manufacturing
Registered Office: 2367 Újhartyan, Horka Dulo 1, Hungary.		
INDIA		
Kingspan India Private Limited	100	Sales & Marketing
Registered Office: A 4, Liberty Society, Phase 1, North Main Road, Koregaon Park, Pune, Maharashtra, 411001, India.		
Aslan Panel India Private Limited	100	Holding Company
Registered Office: C1228 II Phase, Five Gardens Soc., Rahatani, Pune, Maharashtra, 411057, India.		
ITALY		
Kingspan Renewables SRL	100	Sales & Marketing
Registered Office: Via Castagnera, 31, Valmadrera 23868 (Lc), Italy.		
LATVIA		
Kingspan SIA	100	Sales & Marketing
Registered Office: Volguntes iela 32-201, Ryga, Latvia.		

Notes to the Financial Statements
for the year ended 31 December 2011

35. GROUP COMPANIES (cont'd)

	Shareholding	Nature of business
LITHUANIA		
UAB Kingspan	100	Sales & Marketing
Registered Office: Draugystes g.19, Kaunas, Lithuania.		
NETHERLANDS		
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan Property B.V.	100	Holding Company
Registered Office: Lingewei 8, 4004 LL, Tiel, Netherlands.		
Kingspan Unidek B.V.	100	Manufacturing
Unidek Group B.V.	100	Holding Company
Registered Office: Scheiweg 26, 5421 XL Gemert, Netherlands.		
NEW ZEALAND		
Kingspan Limited	51	Sales & Marketing
Registered Office: 15 Ron Guthrey Road, Christchurch Airport, Christchurch, New Zealand.		
NORWAY		
Kingspan Miljo AS	100	Sales & Marketing
Registered Office: Gjerdrumsvei 10D, 0484 Oslo, Norway.		
POLAND		
Kingspan Insulation Sp.z o.o	100	Sales & Marketing
Registered Office: ul. Kruczkowskiego 8, 00-380 Warsaw, Poland.		
Kingspan Sp.z o.o.	100	Manufacturing
Registered Office: ul. Przemyslowa 20, ap27-300 Lipsko, Poland.		
Kingspan Environmental Sp.z o.o.	100	Manufacturing
Registered Office: ul. Topolowa 5, 62-090 Rokietnica k, Poznania, Poland.		
Ecotherm Polska Sp.z o.o	100	Sales & Marketing
Registered Office: ul. Surowieckiego 3, 62-200 Gniezno, Poland.		
ROMANIA		
Kingspan S.R.L.	100	Sales & Marketing
Registered Office: B-dul Iancu de Hunedoary nr. P, bl.11, sc. 2et., ap. 50, sector 1, Bucharest, Romania.		
RUSSIA		
Kingspan LLC	99	Sales & Marketing
Registered Office: 192012 Prospekt Obukhovskoj Oborony, 120, Liter B, St. Petersburg, Russian Federation.		
SERBIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Bulevar AVNOJ-a 45/z lokal 33, 11070 Novi Beograd, Serbia.		
SINGAPORE		
Kingspan Pte Limited	100	Sales & Marketing
Registered Office: 80 Raffles Place, #25-01, UOB Plaza, Singapore (048624).		
SLOVAKIA		
Kingspan s.r.o.	100	Sales & Marketing
Registered Office: Ceska 3, 831 03 Bratislava, Slovakia.		
SLOVENIA		
Kingspan Kft Kereskedelmi Podruznica Ljubljana	100	Sales & Marketing
Registered Office: Pipanova Pot 30, SI-1000 Ljubljana, Slovenia.		
SPAIN		
Kingspan Holdings Spain SL	100	Holding Company
Registered Office: C/Alfonso XII. 22-20 DCHA, 28014 Madrid, Spain.		
Kingspan Suelo Technicos	50	Holding Company
Registered Office: Calle de Los Guindos, 2, 28700 San Sebastian de los Reyes, Madrid, Spain.		

Notes to the Financial Statements
for the year ended 31 December 2011

35. GROUP COMPANIES (cont'd)

	Shareholding	Nature of business
SWITZERLAND		
Kingspan GmbH	100	Sales & Marketing
Registered Office: c/o Trewitax (Accountants), St. Gallen AG, Switzerland.		
TURKEY		
İzopoli Yapı Elemanları Taahhüt San. Ve Tic A.Ş	51	Manufacturing
Registered Office: Ciragan cad. No-97, Ortakoy-Istanbul, Turkey.		
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Registered Office: Krymska Street, Office 404, 79035, Lviv, Ukraine.		
Kingspan Ukraine	100	Sales & Marketing
Registered Office: Donetska obl., Patrysa Lumumby str. 106, 84500, Artemivsk, Ukraine.		
UNITED STATES OF AMERICA		
ASM Modular Systems, Inc.	100	Manufacturing
Registered Office: c/o CT Corporation System, 111 Eight Avenue, New York, NY 10011, USA.		
Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Holdings US Inc.	100	Holding Company
Morin Corporation	100	Manufacturing
Kingspan Medusa Inc.	100	Holding Company
Kingspan Solar Inc	100	Sales & Marketing
Registered Office: The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, DE, 19801, USA.		
Kingspan Insulated Panels Inc.	100	Manufacturing
Registered Office: CT Corporation Systems, 1200 South Pine Island Road, Plantation, FL 33324, USA.		
Tate Access Floors, Inc.	100	Manufacturing
Registered Office: 7510 Montevideo Road, Jessup, Maryland, 20794, USA.		

36. POST BALANCE SHEET EVENT

There have been no material events subsequent to 31 December 2011 which would require disclosure in this report.

37. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Directors on 27 February 2012.

Group Five Year Summary 2011

RESULTS (amounts in €m)

	2011	2010	2009	2008	2007
Revenue	**1,546.9**	1,193.2	1,125.5	1,672.7	1,863.2
Operating income	**90.9**	67.4	62.7	82.0	236.7
Net profit before tax	**77.8**	55.7	56.7	68.1	224.2
Operating cashflow	**127.1**	72.4	212.8	228.3	230.5

EQUITY (amounts in €m)

	2011	2010	2009	2008	2007
Gross assets	**1,434.3**	1,213.1	1,130.5	1,236.2	1,324.9
Working capital*	**188.6**	159.9	121.4	208.2	274.3
Total shareholder equity	**734.9**	666.9	585.5	519.1	672.9
Net debt	**170.1**	120.8	149.1	286.9	213.9

RATIOS

	2011	2010	2009	2008	2007
Net debt as % of total shareholders' equity	**23.1%**	18.1%	25.5%	55.3%	31.8%
Current assets / current liabilities	**1.68**	1.55	1.31	1.56	1.55

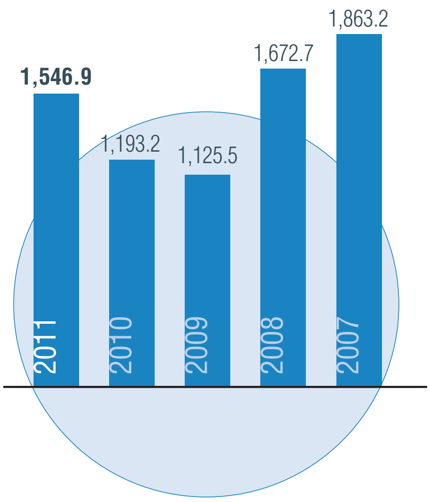
PER ORDINARY SHARE (amounts in €cent)

	2011	2010	2009	2008	2007
Earnings	**37.1**	29.2	28.7	26.7	110.5
Operating cashflows	**76.3**	43.5	128.1	135.7	135.9
Net assets	**441.1**	400.8	352.5	308.4	396.8
Ordinary dividends	**11**	10	-	8	25

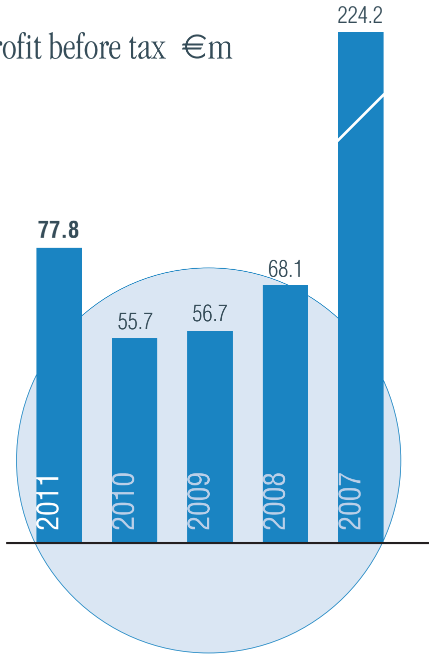
AVERAGE NUMBER OF EMPLOYEES	**5,867**	4,890	5,049	6,692	6,512

* Please refer to Financial Review section of the annual report for definition of working capital.

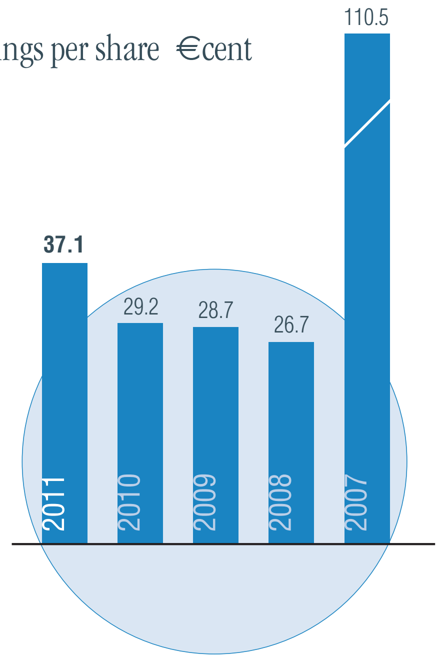
Revenue €m



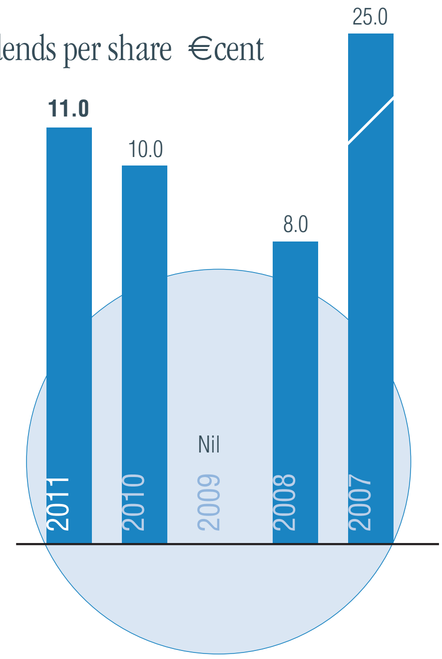
Net profit before tax €m



Earnings per share €cent



Dividends per share €cent



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