Annual Report & Financial Statements 2009

RISING TO THE CHALLENGE

Kingspan®

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2009

	2009	2008	% Change
Turnover	**€1,125.5mn**	€1,672.7mn	-33%
Operating profit	**€62.7mn**	€157.1mn*	-60%
Profit before tax	**€56.7mn**	€68.1mn	-17%
Basic earnings per share	**28.7c**	26.7c	+7%
Dividend per share for the year	**nil**	8.0c	
Interest cover (EBITDA/Net Interest)	**9.4 times**	14.6 times	
Gearing ratio (net debt as % shareholders funds)	**28.1%**	57.7%	

* before non-trading items

Kingspan Insulation
Angsana Hotel, Dubai, UAE

"Rising to the challenge..."

**...in the current business climate
and the delivery of energy saving buildings.**

Kingspan

Kingspan's **EnvelopeFirst** approach for **net-zero energy** buildings.

In a recent study, Kingspan High Performance Insulated Envelopes, in conjunction with energy efficient measures and Kingspan Integrated Solar Technologies, provided 5 year energy savings of 78,885 MBTU's, cost savings of $1,330,990 and CO_2 emission reductions of 6,980 tons* - enough to fill 6,332 balloons 10 metres in diameter.

**based on a K-12 school Chicago (USA)*

Chairman's Statement

"...BUILDING INSULATION IS THE MOST COST-EFFECTIVE SOLUTION TO REDUCE ENERGY AND GREENHOUSE GASES."

Source: McKinsey Global Institute

A strong balance sheet, a considerably reduced debt, and a substantial streamlining of operations, were all achieved in the face of the toughest business environment the Group has ever faced. Certainly 2009 provided a tough challenge, with turnover dropping 33% to €1.125bn, and operating profit falling 60% to €62.7mn, but the energy and focus of the management team in facing these challenges has left Kingspan in very good shape facing into 2010.

During 2009 Kingspan accelerated its programme of product innovation to bring new products to market, such as the Kingspan powerpanel, a building integrated insulated photovoltaic panel. This is a key element of the Group's "Insulate and Generate" theme, and is geared towards investors and building occupiers who increasingly demand higher renewable content in their building fabric. At the same time, Kingspan has expanded its product offering in several territories. In North America, there were encouraging early signs of market entry for Kingspan Thermomax solar thermal solutions, and in Australia the acquisition of AIR-CELL Innovations, the insulation material business, bolstered our existing rigid board and panel businesses in that region. Good progress was also made during the year in building the Insulated Panels business in North America which is now substantially integrated into the Kingspan model. In particular, the class leading Kingspan Benchmark architectural façade system which has been very successful in the US will shortly be launched in the Western European market in 2010.

With building energy standards set to increase in many of our key markets, including the UK, Western & Central Europe, the US and Australia, Kingspan will benefit from its transformed cost structure and from significant efficiencies at its new world class manufacturing facilities, when the upturn in these markets begins take hold.

Dividend

In the context of the Company's focus on reduction of debt and strengthening the balance sheet, the Board is not recommending that a final dividend be paid for the year ended 31 December 2009. However, resumption of a dividend will be considered by the Board based on performance meeting expectations in 2010.

Board changes

After more than 37 years with Kingspan, Brendan Murtagh has indicated his intention to retire after this year's Annual General Meeting, when his term of appointment as a non-executive director expires. I would like to thank Brendan for his tremendous contribution to the Group over those years, both as an executive and latterly as a non-executive director.

During the year there were several Board changes. Brian Joyce and Eoin McCarthy both retired as non-executive directors, and Louis Eperjesi resigned as an executive director. I thank each of them for the role they played in the development of Kingspan during their periods of office. We also welcomed back Danny Kitchen as a non-executive director, who brings the benefit of his broad experience and an independent viewpoint to the Board. These changes reflect our commitment to refresh and strengthen the independent representation on the Board.

Management and employees

I also wish to express my thanks to the management and employees throughout the Group, for their hard work and focused determination during the year. We are fortunate to have such a high quality management team leading the business as we face the tough challenges posed by the global economic environment.

To the future

As a degree of stability now begins to return in most of our markets, we look once again to drive the business forward. With the global community committing to more and more energy conservation initiatives, Kingspan remains firmly focused on its strategy of providing a range of energy efficient and sustainable building solutions. And whilst there remain many challenges ahead, Kingspan's solid performance in 2009 means that it is now well positioned to capitalise on future opportunities as they arise.

Eugene Murtagh
Chairman
1 March 2010

Kingspan Insulation
Arsenal Emirates Stadium, London, UK

Buildings - the biggest consumer of energy

Buildings	Industry	Transportation
39%	33%	28%

In the U.S. alone, buildings account for almost **39%** of total energy consumption and **38%** of CO_2 emissions.*

**Source: U.S. Department of Energy, 2009 Buildings Energy Data Book, Section 1.1.1, 2009.*

Kingspan EnvelopeFirst:

From its position as a global market leader, Kingspan is best positioned to provide high performance building envelope systems across the worldwide construction sector, delivering the largest energy savings and greenhouse gas CO_2 reductions.

Kingspan

The closing quarter of 2009 gave some reprieve, and tangible evidence of stability began to emerge.

In the immediate aftermath of the international financial crisis, the global economy was exceptionally weak, particularly in early 2009. These difficulties transpired to be a sign of things to come and as the year progressed, pressures in many sectors continued to mount, and were acutely evident in the construction environment. However, the closing quarter gave some reprieve, and tangible evidence of stability began to emerge.

In all, the current environment has been the toughest experienced by Kingspan in modern times. It has necessitated a shift in management priorities, which were effected without impacting the business' longer term positioning within the growing global theme of greater energy efficiency, lower emissions, and lower energy costs.

Widespread reorganisation and cost-out programmes led to an underlying reduction of €66mn in the Group's fixed cost base since peak. Over the past 18 months, more than ten plants were consolidated into larger more efficient operations, and the relentless focus on cash drove a reduction in net debt of over €135mn, leaving the balance sheet considerably stronger than a year earlier. The profit performance of the business naturally suffered with revenue falling 33% to €1.1bn, but EBITDA and operating profits of €102.8mn and €62.7mn respectively, were solid given the times.

What is net-zero energy?

It is the ability of a building to be energy neutral, that is, the building produces enough of its own power so that it does not consume power from the grid.

Kingspan provide Net-zero energy solutions.

Operational Performance

- Solid performance in 2009 from the overall Group, despite hostile economic conditions.
- Excellent progress was made in debt reduction, with net debt at year-end of €164.3mn, down from €299.6mn. Operating working capital was €99mn lower than a year earlier.
- Insulation Boards total sales volumes were down 23%, but with growing sales and penetration in Western Europe.
- Insulated Panel sales volumes in the UK, Ireland and Western Europe were down 33%, with particular weakness in the speculative development segment.
- Insulated Panel sales volumes in North America were down 23%. Architectural façade products remained strong and the former Metecno business performed robustly in the circumstances.
- Central & Eastern Europe panel volumes were also weaker, down 25%. A substantial reorganisation of this unit was implemented, which will be completed in H1 2010.
- Access Floors sales volumes were down 31% globally, however margins improved from 14% to 17.5%.
- Across the Group, fixed cost reductions in the year of €50mn brings the total since peak to €66mn. This process is largely complete.
- Total investment in the year was €48.1mn. The main projects were the completion of a new Kooltherm® phenolic insulation facility in the Netherlands, and the completion of a new solar thermal collector plant in Northern Ireland. The Group also entered the Australian thermal insulation market with the acquisition of AIR-CELL Innovations in December, complementing Kingspan's already growing Insulated Panel business in that region.

Kingspan Insulated Panels
Chatterley Valley, UK

2009's PERFORMANCE BY OPERATIONS SEGMENT WAS AS FOLLOWS:

Segment Result (profit before finance costs)	Insulated Panels €'mn	Insulation Boards €'mn	Environmental & Renewables €'mn	Access Floors €'mn	Total €'mn
Trading profit	26.3	13.5	1.8	25.5	67.1
Intangible amortisation	(2.8)	(0.7)	(0.8)	(0.1)	(4.4)
Operating profit 2009	23.5	12.8	1.0	25.4	62.7
Finance costs (net)					(6.0)
Profit for the period before tax					56.7
Income tax expense					(8.7)
Net profit for the year					48.0

Insulated Panels

Sales volumes in the UK suffered heavily in the early part of the year, but broadly flattened out for the latter six months. In all, sales volumes were down 35%, and order intake was down 34% on prior year.
This downward spiral eased towards year end and was reflected in improved order intake. A significant portion of the activity was both food and retail led, while speculative development, a key driver in the past, practically ceased. The result was a smaller average order size, and a shifting mix which in future will see a growing portion of sales in the higher value "Benchmark" architectural façade systems. This product suite, already marketed in North America, has now been tailored for the European markets.

INSULATED PANELS

Sales 2009	2008	% change	% of Group Turnover 2009	2008
€593.9mn	€862.1mn	-31%	53%	51%

This higher value-added range will be launched by mid 2010 and we anticipate that the medium to longer term penetration growth potential is significant. Nearer term, the project pipeline has trended very marginally up in recent months, quotation levels are robust, and order intake in the first two months of 2010 is up 20% versus 2009. Volumes in the Benelux were down 14%, reflecting the relatively stable environment in the region, which appears to be continuing into 2010.

Ireland volumes, now representing 5% of this category's revenue, continued to reach new lows as the year drew to a close. Newbuild activity in this sector has fallen to levels not seen in Ireland for 30 years, as a direct result of excess non-residential inventory resulting from the overbuild in 2007 and early 2008. The stranglehold caused by lack of general business lending will compound this trend for some time, and is evidenced by declining architects' workloads. Order intake levels in this sector were down 60% year on year, or down 73% since the peak of 2007.

The fundamental overhaul of this business' cost base and work practices will be essential in ensuring its longer term recovery.

Across Central & Eastern Europe, sales volumes were down 25% in 2009, a pattern which also eased in the final quarter. The business' performance in Poland and Germany was relatively strong, with volumes in these markets down only slightly. Czech Republic, Hungary, the Baltics, and Romania were exceptionally weak as funds availability and confidence both took a knock. Coinciding with this weakness has been overinvestment in the industry's capacity levels, which is likely to continue exerting pressure on margins for the foreseeable future. In light of this, more new product introductions and a longer term move into the higher end insulated architectural façades will be key. In the meantime, the order book at year end stood 3% lower than a year earlier, although quarter one 2010 is expected to be somewhat down year on year due mainly to adverse weather conditions.

In Turkey and the Middle East, the operating performance of the business improved during the year, largely due to enhanced margins. Volumes were similar to a year earlier, and the run rate is likely to remain at similar levels for at least the first half of 2010.

In North America, non-residential construction tapered off sharply during the year, and underlying sales were down 23% on 2009. Volumes in Canada were more severely impacted, a situation that was exacerbated by the fall-off in developments in the oil producing regions. In the US, architectural sales were strong and notwithstanding the pressures on volume, it was a year of solid progress in building the team and the model for the longer term.

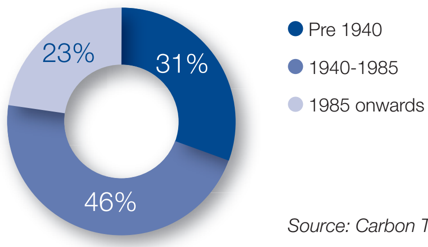
Kingspan Insulation
Dundrum Shopping Centre, Ireland

Kingspan Insulated Panels
Caterpillar, US

Kingspan Modernisation Programme for existing building stock

Higher energy usage due to age of non-domestic building stock

UK building stock



Source: Carbon Trust, 2009

- 1.8 million buildings
- 18% of total UK emissions CO_2
- 300 TWh per annum energy usage

Kingspan's thermally efficient airtight building envelope systems, in conjunction with Kingspan renewable technologies, are ideally suited to the refurbishment of existing buildings, breathing new life and creating modern affordable energy efficient buildings.

Kingspan

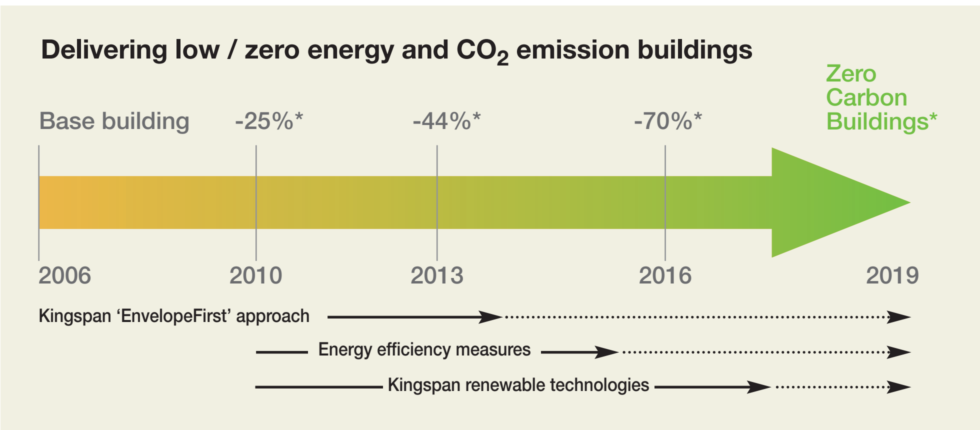
Kingspan High Performance Insulated Panels and Boards are already saving:

- 5,060 GWh per annum of heating energy.
- 1,037,000 tonnes per annum of CO_2 emissions, equivalent to 228,297 balloons.

Future savings:

Governments have set ambitious, legally binding targets to reduce greenhouse gas emissions, therefore significant energy efficiency improvements for new and existing buildings are required to meet these goals.

Kingspan’s high performance insulated products and renewable technologies are ideally positioned to deliver these net-zero energy and CO_2 objectives.



* Carbon emission reductions relate to UK Government legislation for non-domestic buildings.

KINGSPAN GLOBAL ENERGY SAVINGS

In 2010, the focus will be on achieving higher levels of operational efficiency in the US facilities, fully commissioning the two new plants in Canada, and continuing to drive the brand through the distinctly different channels of Architectural, Commercial and Industrial, and Cold Storage segments. 2010 is also likely to see the ratification of what will essentially amount to the first ever US wide building energy code. The Department of Energy's Net Zero Energy programme will effectively establish an allowable base building energy performance that will ultimately culminate in grid neutral buildings by 2025. This legislative roadmap presents great opportunities for Kingspan's model.

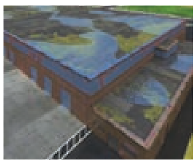
Australia and New Zealand showed an improved performance in 2009 over prior year, and the current year should build upon that progress.

INSULATION BOARDS

Sales			% of Group Turnover	
2009	2008	% change	2009	2008
€215.3mn	€345.2mn	-38%	19%	21%

In Britain, newbuild housing activity was approximately 50% lower than it has been for decades. In the Insulation business volumes were down 25%, a better outturn than for the general market activity. Growing penetration of rigid high performance insulation was further complemented by Kingspan's Kooltherm® phenolic insulation which continued to grow its underlying share of the market. From October 2010, building codes in the UK will be upgraded once again, and the targeted decreases in carbon emissions from new buildings will be in the order of 25%. The related increase in thermal insulation required will be a similar percentage, and will be implemented from mid 2011. As the codes become more stringent, the attractiveness of thinner and more thermally efficient rigid insulation like Kooltherm® becomes greater.

In Ireland (including Northern Ireland), the Insulation Boards business is primarily exposed to the residential market in both newbuild and, increasingly, RMI.



Refurbishment activity provided a solid base for the business in 2009 given the collapse of the newbuild segment. This pattern is likely to prevail over the medium term, and much of the product strategy will be focused on the growing refurbishment segment.

Mainland Europe was comparatively stable during 2009, and volumes were down 7%. At present, the business' primary markets on the continent are the Netherlands, Belgium and Germany. The products marketed are rigid foam, produced in the UK, and Kooltherm®, produced in the Netherlands. This latter facility was commissioned in late 2009, and will predominately serve the German and Dutch markets. The product is being focused most specifically on the external wall insulation refurbishment opportunity in Germany, and in the future, across Central & Eastern Europe. The current incumbent in these markets is fibrous insulation, like stone and glasswool, which will be increasingly inefficient given its relative thickness and poor over-life performance. The penetration in Continental Europe of high performance rigid insulation is currently less than 5%, offering clear opportunities for this business to develop and grow.

Towards the end of the year, AIR-CELL Innovations in Australia was acquired by Kingspan. This business provides an excellent platform and network from which to build our presence across Australia and New Zealand, not only with its own range of insulations, but also with the broad range of products that Kingspan will bring to the venture.

Environmental & Renewables

With approximately 75% of this division's sales coming from the UK and Ireland, this business bore the brunt of the recessionary slide in both markets.

This business' product range is extensive, and includes solar thermal hot water systems, heat pumps, rainwater harvesting, water storage, fuel storage and wastewater treatment systems. Many are destined for the residential sector, hence the current pressures on volumes. These pressures will ease as the UK housing market, in particular, begins to recover, and evidence of this was already visible towards the end of 2009.

During the first quarter of 2010, a new entirely automated manufacturing facility for the production of solar thermal collectors is being commissioned in Northern Ireland. The plant will produce the highly effective solar thermal vacuum tubes more efficiently than any other comparable operation globally, and the current market focus is in Mainland Europe and North America, where our routes to market have developed rapidly in the past year.

On an underlying basis, this division returned a profit although as in other years, the figures are substantially impacted by the ongoing polyethylene raw material related warranty issues dating back to 2002/2003. Proceedings have been issued against the supplier of the material, Borealis, based on specialist legal and technical advice, in which the full recovery of past and future losses is being sought. A conclusion to the case is anticipated sometime in 2011.

Access Floors

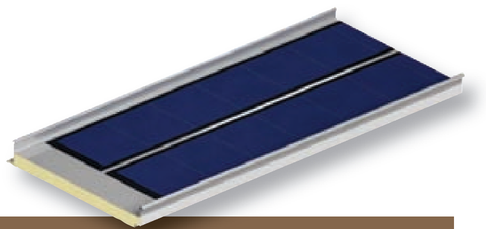
Given the late cycle nature of office construction, the weakness of the general economy wasn't particularly evident in this business during the first half of 2009. Underlying conditions were deteriorating however, and in the second half, the year on year volume decline accelerated in both North America and Europe. Overall, first half volumes were down 25% on prior year, and the second half down 36%.

Kingspan Insulated Panels
Phoenix Palace, UK

ENVIRONMENTAL & RENEWABLES

Sales 2009	2008	% change	% of Group Turnover 2009	2008
€168.7mn	€266.7mn	-37%	15%	16%

powerpanel
INSULATE AND GENERATE



UK Feed-in Tariff (FiT) Solar Panel Generation Incentive Scheme

Feed-in Tariff (FiT) for renewable electricity comes into force in the UK on the 1 April 2010. The FiT is the rate that the energy companies will pay to those generating electricity from a renewable source, for example:

>4 - 10kW @ 36.1 pence per kWh*

>10 - 100kW @ 31.4 pence per kWh*

>100kW - 5MW @ 29.3 pence per kWh*

The FiT rates are paid regardless of whether building owners/occupiers use the electricity or export it into the national grid. The FiT will be a significant market driver for the Kingspan powerpanel.

** Figures based on year one of a 25 year tariff lifetime with tariffs inflating annually.*

ACCESS FLOORS

Sales 2009	2008	% change	% of Group Turnover 2009	2008
€147.6mn	€198.7mn	-26%	13%	12%

We expect office construction starts will hit a low in 2010, driven largely by the excess capacity currently in the market. Vacancy rates in major US and European cities are at a five-year high, and development activity will therefore remain weak before any resumption of growth, possibly in late 2011 or 2012.

Despite the weakening completions, Kingspan's businesses performed exceptionally well during 2009, and margins were strong at 17.5%. Firm management of controllable costs was the largest contributor to this, a theme that will continue to run through the current year throughout the Group.

Capital Expenditure and Acquisitions

Total investment during the year was €48.1mn. This figure is significantly lower than that of recent years during which the Group substantially expanded its overall capacity, and it is above the run rate anticipated to maintain the business during the current year.

Investments of note in the year were the completion of the Kooltherm® insulation facility in the Netherlands, the completion of a new, relocated insulated panel plant in Toronto, Canada, and a new relocated solar thermal facility in Northern Ireland. In December, the acquisition of AIR-CELL Innovations in Australia was also completed.

Looking Ahead

In the near term, it is likely that the overall building environment will be more predictable than in the recent past. The virtual collapse in activity experienced in late 2008 and 2009 should be replaced with a more stable, albeit notably lower base from which to build businesses once again.

The Group has and will continue to benefit from its overhauled cost structure, and its more streamlined operations which are the result of substantial internal consolidation over the past two years. This has been achieved without damage to the core tenets of Kingspan's competitive advantage being undermined.

An increased focus on a number of new products which were brought to market during this period, in addition to the broader palette of Kingspan solutions, will continue to generate long term potential across a wider geography than at any time in the past.

Notwithstanding these opportunities, the current year will continue to pose challenges for Kingspan as some economies climb slowly out of recession, leaving behind a construction environment that has not yet fully caught up with the general contraction of last year. In some markets building activity is therefore still likely to have further to fall.

Globally, the energy conservation agenda continues to gain impetus, which will become more evident when further tangible national and international energy saving commitments are firmed up. Kingspan's strategy remains fully aligned with that global theme.

Gene Murtagh
Chief Executive
1 March 2010

Kingspan Insulated Panels
Hillsborough Congress Center, US

OVERVIEW

2009 saw a fall in Group turnover of 33% and a decrease in operating profits (before non-trading items) of 60%. At a constant currency, sales were down 28% and operating profits were down 57%. The trend in sales has improved somewhat being down 35% in H1 2009 vs H1 2008 and 30% in H2. Overall from peak (H1 2007) to trough (H2 2009), Group sales suffered a decline of 42%. Given the Group's relatively high operational gearing in certain products, this fall-off in sales has had a disproportionate impact on operating profits, which was mitigated somewhat by a rapid response through fixed cost reductions and rationalisation of some manufacturing facilities.

The gross margin (gross profit as % of turnover) was 27.4% for the year, compared to 27.9% in 2008. There was a slight improvement in H2 over H1 (H1 27.2%, H2 27.4%) as raw material prices stabilised.

Fixed overheads were reduced by approximately €50mn in the year compared to 2008. This is a like-for-like comparison at constant currency, excluding the acquisition of the Panels business in the United States, and is a reduction of €66mn from the peak. There were rationalisation costs in the year of €6.5mn which are included in operating costs.

The weakness of Sterling against the Euro (average rate 2008: 0.796 v average rate 2009: 0.8917) has had a negative impact on the translation of results when compared with last year. The overall impact of all currency movements on Euro reported turnover was €71mn and operating profit was €4mn.

There was capital investment of €48.1mn in the year including the acquisition of AIR-CELL Innovations. Based in Perth in Australia, AIR-CELL is a market leading distributor of flexible reflective insulation foil products with inter-state presence across the Australian market. Other capital investment mainly related to the completion of projects from 2008 and maintenance capital. Operating working capital at year end of €123.3mn was reduced by €99mn compared to 2008, due to increased focus and lower activity levels.

Dividend

The Board is recommending that no final dividend in respect of 2009 be paid. Resumption of dividend payments will be considered by the Board in 2010 in light of debt reduction achieved in 2009, and ongoing cash flow and operating performance reaching expectations.

Segment Reporting

Following on from the restructuring of the businesses and the requirements of IFRS 8, the segmental reporting of the results has been changed. From 1 January 2009 the following four business segments are reported on:

Insulated Panels
Manufacture of insulated panels, structural framing and metal façades;

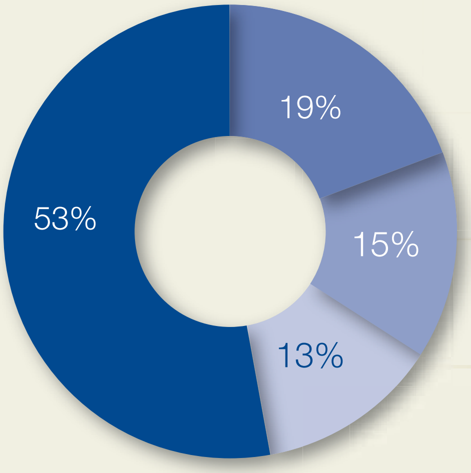
Insulation Boards
Manufacture of rigid insulation boards, building services insulation and engineered timber systems;

Environmental & Renewables
Manufacture of environmental, pollution control and renewable energy solutions;

Access Floors
Manufacture of raised access floors.

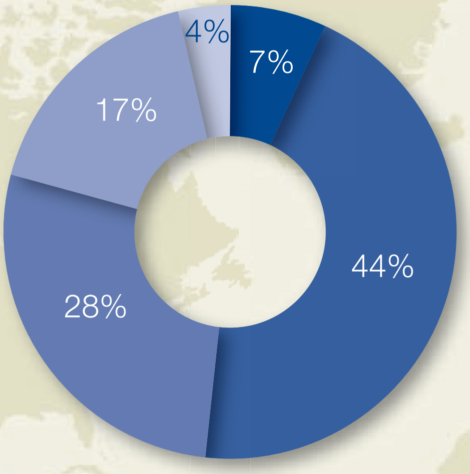
INCOME STATEMENT

	2009 €'mn	2008 €'mn
Sales Revenue	1,125.5	1,672.7
Gross Profit	308.9	467.5
Gross Profit %	27.4%	27.9%
Operating Profit	(241.8)	(305.8)
Trading Profit	**67.1**	**161.7**
Amortisation	(4.4)	(4.6)
Non Trading Items	-	(75.1)
Operating Profit	**62.7**	**82.0**



ANALYSIS BY
CLASS OF ACTIVITY

	Year ended 31.12.09 €'mn	Year ended 31.12.08 €'mn	% Change 2009-2008	% Change @ constant rates
Insulated Panels	593.9	862.1	-31%	-27%
Insulation Boards	215.3	345.2	-38%	-33%
Environmental & Renewables	168.7	266.7	-37%	-29%
Access Floors	147.6	198.7	-26%	-25%
	1,125.5	**1,672.7**	**-33%**	**-28%**



ANALYSIS BY
GEOGRAPHICAL MARKET

	Year ended 31.12.09 €'mn	Year ended 31.12.08 €'mn	% Change 2009-2008	% Change @ constant rates
Ireland	78.1	173.8	-55%	-55%
Britain and Northern Ireland	503.3	826.6	-39%	-32%
Mainland Europe	310.9	453.1	-31%	-28%
Americas	192.7	177.1	+9%	+5%
Other	40.5	42.1	-4%	+2%
	1,125.5	**1,672.7**	**-33%**	**-28%**

Sales Trends

Insulated Panels in the UK, Irish and Western European markets

Currency	Volume	Price & Mix	Total
-4%	-33%	-3%	-40%

- Sales were down 40% for the year. Volume, down 33% overall, was 37% lower in the first half and 27% in the second half.
- Order intake was down 40% in the first half, down 18% in the second half and down 32% for the full year.

Insulated Panels in Central & Eastern European markets

Currency	Volume	Price & Mix	Total
-5%	-25%	-3%	-33%

- Sales were down 33% for the year. Volume was down 28% in the first half and down 21% in the second half, down 25% overall.
- Order intake was down 28% year-on-year being down 40% in the first half but down 11% in the second half.

Insulated Panels in the North American markets

Currency	Volume	Acquisitions	Total
+5%	-23%	+62%	+44%

- Metecno Inc. was acquired by the Group in August 2008. Turnover for the year 2009 was $111.2mn (€79.7mn), down 25% on the same period in 2008.
- In Canada sales were down approximately 23% year-on-year.

Insulation Boards

Currency	Volume	Price & Mix	Total
-6%	-23%	+4%	-25%

- Insulation sales volumes were down 23% for the year, down 32% in the first half, and down 13% in the second half. This decline in volumes was offset by increased value of sales of 4%.

Engineered Timber Systems

Currency	Price & Volume	Total
-3%	-69%	-72%

- Sales of Off-site/Engineered Timber Systems were down 72% versus 2008 (down 69% on constant currency).

Environmental & Renewables

Currency	Price & Volume	Disposals	Total
-8%	-21%	-8%	-37%

- Sales were down 37% of which price/volume was down 21% year-on-year, being down 23% in the first half and 18% in the second half.

Access Floors

Currency	Volume	Price & Mix	Total
-1%	-31%	+6%	-26%

- Sales were down 26% in the year. 31% of this reduction was represented by volume, being down 25% in the first half and down 36% in the second half.
- Order intake, declined by 25% in the North American market and by 44% in the European markets compared to 2008.

With the exception of Access Floors, which is mainly into a late cycle market, the downward trend in order intake and sales showed a significant abatement in the second half of the year, continuing into 2010.

Up to December 2008 Insulated Panels and Insulation Boards were reported on as one combined segment. In addition, Offsite & Structural was reported as a segment in its own right. Following the restructuring of this business unit, the part of Offsite & Structural that relates to timber framing and engineered timber systems has been transferred to Insulation Boards and the rest of the business (relating to metal framing, façades and structural products) has been transferred to Insulated Panels.

Note 6 of the supplementary information in the attached accounts gives further analysis of the segments and the rest of this report deals with the results analysed under the new segments and corresponding comparisons.

Turnover

Turnover for the year ended 31 December 2009 was €1,125.5mn, a drop of 33% on 2008. The acquisition of Metecno Inc. in August 2008 generated incremental turnover in 2009 of €41.3mn. In 2009, the decline in the value of Sterling against the Euro continued and the average rate in 2009 was 0.8917 versus an average rate in 2008 of 0.796. Approximately 45% of Group turnover was in the Sterling area and this, combined with movements in average exchange rates for other operating currencies, resulted in an adverse translation impact on turnover of €71mn. Stripping out the impact of the adverse effect of movement in translation and the incremental impact of the acquisition of Metecno Inc., underlying turnover was down by 31%. This reduction results from an overall volume decline of approximately 25% and price/product mix decline of 6%.

Trading Profit

Trading profit, before amortisation and non-trading items, was €67.1mn compared to €161.7mn in 2008, a decline of 59%. There was a negative impact of the translation of trading profits from non-Euro currencies at the average exchange rates of €4mn. Stripping out the translation impact the decline in operating profit was 57%.

The return on sales in 2009 was 5.6% compared to 9.4% in 2008.

Cost of sales comprises variable costs i.e. raw material and direct labour plus other production overheads which are fixed or semi-fixed. Variable costs as a percentage of sales reduced by approximately 1% compared to last year. While production overheads were reduced by €28mn, as a percentage of sales they increased by approximately 1.5%. As a result the gross profit at €308.9mn representing a return of 27.4% on sales, compares to 27.9% last year.

Operating costs (including amortisation) at €246.2mn are down by €64.2mn compared to 2008. Excluding the effect of the acquisition of Metecno on 2009 overheads and the effect of exchange rate movements between the two periods, the net overhead reduction in the year was €50mn.

The table below shows the trading margin for the product groups.

Insulated Panels margin decreased to 5.3% (2008: 12.9%). Raw materials purchased in quarter four 2008, acquired at higher prices and carried through in inventory into 2009, had a negative impact on margins, particularly in the first half of the year.

There were also specific issues in Canada where the Group is still manufacturing on an inefficient line pending the move to an upgraded manufacturing process. This new plant will be fully commissioned in Quarter 1 2010. In the United States incremental costs were incurred as the process of product, market and management development got underway. In Central Europe overcapacity in the industry resulted in pressure on margins. In addition, all business units suffered from the loss of leverage on fixed costs resulting from the decline in volumes.

Insulation Boards margin increased to 6.4% (2008: 5.9%). The incorporation of Engineered Timber Systems into this business from Off-Site & Structural depressed the margin, particularly in 2008. The underlying profitability of the Division continues to remain robust and should not be materially affected by Engineered Timber Systems in the future.

The margin in Environmental & Renewables at 1.7% is up from 1.0% last year. Efficiencies have been coming through in the Environmental part of this Division since the consolidation of sites in Ireland was completed last year and further consolidation was completed in Britain in 2009. Costs continue to be incurred in relation to the warranty issues arising from faulty raw material supplied to the division in the past, which at €6mn is a somewhat higher charge than last year. In the Renewables business, sales have been disappointing in the year, particularly in mainland Europe, which had accounted for approximately 75% of this units' turnover. At the same time the Group has significantly increased resources in respect of new geographical market development and product development. The investment in a new manufacturing facility, which will be fully commissioned in Quarter 1 2010 will result in significant unit cost savings.

Access Floors delivered an operating margin of 17.5% (2008: 14%). The gross margin has held up strongly, despite steel price volatility in the first half of 2009. The mix of product also had a positive impact on sales pricing and related margins. There are challenges to come, given the position of these products in the construction cycle and indicated by the negative trends in sales volumes, quotations and order book, that will put pressure on the margins here in the medium term.

TRADING MARGIN BY PRODUCT GROUP (excluding amortisation/rationalisation costs*/non-trading items)

	2008	2009
Insulated Panels	12.9%	5.3%
Insulation Boards	5.9%	6.4%
Environmental & Renewables	1.0%	1.7%
Access Floors	14.0%	17.5%
Group	**9.7%**	**6.5%**

**Rationalisation costs of €6.5mn in 2009 have been added back to the profits in the relevant division*

REDUCTION IN OVERHEADS

	Actual Overheads €'mn		Overhead Reduction €'mn
	Half 1	**Half 2**	
2007	145	149	
2008	149	133	
2009	118	114	
Reduction H1 09 vs H1 08			31
Reduction H2 09 vs H2 08			19
H2 08 vs H2 07			16
			66

Rationalisation and Non-Trading Items

Included in non-trading items in 2008 was goodwill impairment of €43.6mn. Further analysis of the carrying cost of goodwill on the balance sheet was carried out in 2009 and this review resulted in no further impairment charges. There were rationalisation costs incurred in 2009 of €6.5mn included in operating overheads.

As a result of site rationalisation, production properties surplus to requirements with a book value of €19.0mn have been transferred in the Balance Sheet from "Property" to "Assets held for resale". None of these properties, which are still believed to have a disposal value in excess of book value, were disposed of during the year. Since year end the sale of one of these properties has been agreed, at a price slightly in excess of its book value.

Net Finance Costs

The net finance costs in the year were €5.9mn. This comprises interest paid or payable of €12.7mn and interest received of €1.8mn giving a net interest charge of €10.9mn. In addition there was a translation gain on the private placement debt of €11.8mn and the fair value movement on the related cross currency interest rate swaps resulted in a loss of €6.9m. These two non-cash adjustments, a net credit of €4.9mn, have been credited off the net interest charge of €10.9mn.

The circumstances of this credit to the profit and loss account are set out below:

The Group had a private placement of US$158mn fixed interest 10-year bullet repayment loan notes maturing on 29 March 2015 and US$42mn fixed interest 12-year bullet repayment loan notes maturing on 29 March 2017. The Group, being Euro denominated and with mostly Euro cash flows, 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. The weighted average interest rate is 4.15%. The maturity date of these cross currency interest rate swaps is identical to the maturity date of the private placement debt.

These cross currency interest rate swaps had not been designated under the IAS39 hedge accounting rules. Consequently the change in fair value of the cross currency interest rate swaps is recognised in the Income Statement (€6.9mn above) and the translation gain on the private placement debt is also recognised in the Income Statement in accordance with IAS21 (€11.8mn above).

On 26 February 2010, these cross currency interest rate swaps were designated under IAS39 hedge accounting rules, thus removing any significant volatility from reported earnings.

Taxation

Taxation provided for on profits is €8.7mn after adjustment in respect of prior years of €6.3mn, or a composite rate of 15.4% of profit. This compares with an equivalent rate of 14.6% in 2008.

Earnings Per Share

Basic earnings per share at 28.7 €cent compares with 26.7 €cent last year, an increase of 7%. This includes the net credit of €4.9mn in relation to the cross currency swaps and revaluation of the US$ loan described above. In the absence of this credit the underlying earnings per share in the year was 25.7 €cent, a fall of 4% on 2008.

The Group's shares traded in a range of €2.02 to €7.00 during 2009 and at year end the share price was €6.00.

Funds Flow

The table below summarises the Group's funds flow for 2009 and 2008:

Earnings before finance costs, tax, deprecation, amortisation (EBITDA) and before Non-Trading Items was €102.8mn (2008: €202.3mn). In 2009, the Group delivered free cash flow of €187.7mn. This included a positive contribution of €105.4mn from working capital reductions. This was used to fund investment of €8.0mn in acquisitions and net capital expenditure of €45.9mn.

Net debt, including amounts outstanding in respect of acquisitions, at the end of year was €164.3mn, a decrease of €135.3mn on 2008.

Operational working capital at the year end was €123.3mn (2008: €222.3mn), a reduction of €99mn and represented 11.0% of turnover (2008: 13.3%). Approximately €58mn of this reduction was due to the fall off in the level of activity and the balance resulted from improved management of the components of working capital. There can be expected to be some increase in the general level of working capital requirements during 2010 but the target remains to manage this on average at about 15% of sales.

GROUP FUNDS FLOW

	2009 €'mn	2008 €'mn
Operating profit	62.7	82.0
Depreciation	35.8	40.6
Amortisation	4.3	4.6
Working capital decrease/(increase)	105.4	43.6
Pension contributions	(2.9)	(2.6)
Interest	(12.9)	(12.7)
Taxation paid	(10.1)	(18.1)
Others	5.4	60.3
Free cash	**187.7**	**197.7**
Acquisitions	(8.0)	(92.6)
Net capital expenditure	(45.9)	(97.5)
Dividends paid	(0.3)	(42.3)
Share buy-back	-	(32.6)
	(54.2)	**(265.0)**
Cash flow movement	**133.5**	**(67.3)**
Debt translation	1.8	(7.3)
Decrease/(Increase) in net debt	**135.3**	**(74.6)**
Net debt at start of year	(299.6)	(225.0)
Net debt at end of year	**(164.3)**	**(299.6)**

NET DEBT

	31.12.09 €'mn	31.12.08 €'mn
Cash and cash equivalents	83.9	75.3
Bank debt < 1 year	(31.9)	(16.8)
Private placement debt > 5 years	(151.4)	(151.4)
Bank debt 2-5 years	(61.6)	(194.0)
Contingent deferred consideration	(3.3)	(12.7)
Total Net debt	(164.3)	(299.6)

Financial Performance Indicators

There are three principle financial covenants relating to the funding facilities: EBITDA/net interest cover of not lower than 4 times; Net Debt/EBITDA no higher than 3.5 times; Net Assets greater than €400mn. These covenants are tested at June and December each year.
At 31 December 2009 the Group was comfortably within these covenants with interest cover of 9.4, Net Debt/EBITDA of 1.6 and Net Assets of €585.5mn.

Some key financial performance indicators which measure performance and the financial position of the Group are set out in the table below.

Pension Deficit

The Group has three legacy defined benefit pension schemes in the UK, two of which were merged during the year.
These schemes have been closed and the liability relates only to past service. Details on the movement during 2009 on the scheme deficits are set out below:

PENSION DEFICIT

	€'mn
Opening net deficit	(3.7)
Translation	(0.32)
Contributions paid	2.9
Actuarial gains/(losses)	(3.9)
Net finance (charge)/credit	(0.08)
Closing deficit	(5.1)

FINANCIAL PERFORMANCE INDICATORS

	2009	2008	2007
EBITDA/interest cover	9.4x	14.6x	22.8x
Net debt/EBITDA	1.6x	1.48x	0.79x
Effective tax rate	15.4%	14.6%*	16.4%
Net debt as % of total equity	28.1%	57.7%	33.4%
Return on capital employed	8.4%	19.2%	26.4%
Return on Equity	8.6%	7.6%	30.7%
Gross margin	27.4%	27.9%	30.2%
Trading margin	6.5%	9.7%	12.9%

**yoy rate is 14.6%, including non-trading costs the rate was 35.4%*

Summary

The Group goes into 2010 with a strong balance sheet, with a streamlined business and a business model very much intact. There is capacity in the Group to service turnover of a figure in the order of €2bn without any significant capital investment. Given the operational leverage in the business, in the short term any incremental increase in sales should be relatively profitable. The Group continues to invest selectively in product, process and market development and will be ready to capitalise on any up-tick in markets and any opportunities that arise.

Dermot Mulvihill
Finance Director
1 March 2010

FINANCIAL RISK MANAGEMENT

In the normal course of business Kingspan Group has exposures to foreign currency, interest rate and credit risks. 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 results of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such polices.

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.

The Group's core funding is provided by a private placing of $200mn converted into €151mn at the time of the placing. Of this debt, €119mn (79%) matures in March 2015 and the balance in March 2017. The Group also has a five year committed banking facility of €330mn which was put in place in September 2008. At year end the Private Placement debt was drawn down in full and €56.8mn of the banking facility was drawn. The Group also has in place a number of uncommitted bilateral working capital/overdraft facilities amounting to circa €65mn at year end.

The Group's committed facilities are subject to covenants which are based on Net Debt/EBITDA no higher than 3.5 times, EBITDA/net interest cover of not lower than 4 times. In addition the Group's €330mn banking facility has a Net Asset covenant of not less than €400mn. These covenants are less restrictive than the Group's internal targets. At 31 December 2009 the Group was comfortably within these covenants with interest cover of 9.4, Net Debt/EBITDA of 1.6 and Net Assets of €585.5mn.

Foreign exchange risk

There are three types of foreign exchange risks to which the Group is exposed:

1. *Transactional* - where a business unit has input costs or sales in currency other than its local currency; 2. *Translational* - where profits are earned in a currency other than Euro, which is the reporting currency for the Group; and 3. *Balance Sheet* - where the Group has net assets in non-Euro currencies. The first two affect the Earnings of the Group and the latter goes directly to Reserves and affects the Net Assets position.

Transactional - transaction 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. Based on current cash flow projections for the existing businesses to 31 December 2010, it is estimated that the Group will have surplus sterling of approximately £44mn which will be required to be converted to Euro during the year.

At the current date £26mn, or 60% of the surplus, has been sold forward at an average rate of 0.8840 compared to the average rate in 2009 of 0.892. The Group will also need to sell the equivalent of US$12mn in Sterling for US Dollar and at the current date this amount was substantially hedged at an average rate of 1.58 compared to the average rate in 2009 of 1.395.

Translational - it is Group policy not to hedge translational exposure, which is effectively a non cash transaction in the accounts. There was a negative impact on non-Euro profits of circa €4mn due to adverse movements in average rates used for translation in 2009 versus 2008.

Balance Sheet – as the bulk of the Group's non-Euro investments are Sterling denominated, the translation of these investments into Euro has given rise to an exchange gain of €22mn which has been taken directly to reserves, thereby increasing the Group net assets. This annual translation adjustment can be positive or negative depending on the movement between the opening and closing currency exchange rates. The sharp fall in Sterling was the single biggest contributory factor to this translation adjustment in 2008. Balance sheet exchange exposure is mitigated where possible by denominating debt in those currencies where such exposure lies, pro rata to the assets in those currencies.

Foreign exchange rates have recently undergone a period of exceptional volatility due to economic situations of individual countries, the current global economic downturn, and political considerations. While the Group hedging policy attempts to mitigate this risk, a net exposure will remain to currencies which may depreciate against the Euro in the future.

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.

The Private Placement loan notes, which represent 73% of the drawn down facilities, are fixed out to maturity at a weighted average interest rate of 4.15%. €14mn of further USD borrowings have been fixed at 1.675% bringing the total fixed debt to 79%. The remainder of the drawn down facilities are subject to floating rates.

Kingspan Insulated Panels
Majura Park, Canberra, Australia

OTHER RISKS AND UNCERTAINTIES

There are a number of other risks and uncertainties that can impact the performance of the Group, many of which are beyond the control of Kingspan and its Board. The Group's businesses closely monitor market trends and risks on an ongoing basis and such trends and risks are the focus of monthly management meetings where the business unit's performance is assessed versus budget, forecast and prior year. Such meetings are rotated around the different locations of the business unit and at least one executive board director is present. An annual assessment of trends and risks is also an integral part of the business unit's annual review of its strategic plan and budget, which are submitted to the Group Board for consideration and approval.

Market conditions

Kingspan's products are targeted to 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, 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.

Over the past 18 months the Group has experienced weakening of demand in several markets, notably in Ireland and the UK. This weakening has been particularly acute in the residential and commercial sectors, and this has had an impact on the results of the Group for the current year. Further weakening of the key markets for the Group is likely in the current year, and consequently this weakness is likely to have an adverse impact on the results of the Group in the near future.

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). Pricing of such goods can be quite volatile at times due to the respective industries' limited ability to adjust supply to changes in demand, capacity and input costs. The Group looks to minimise the adverse effect of such movements through strong long-term relationships with suppliers, economies of purchasing, multiple suppliers and inventory management.

In 2009, input prices have varied significantly due to volatility in response to global supply and demand imbalances. However to the extent that the Group has or assumes exposure to fixed price contracts, surplus inventory, or experiences demand levels which differ from forecasts, the Group may assume risk that replacement cost of raw materials may be higher or lower than the costs of the raw materials purchased.

There is a further risk to the Group given recent consolidation in many supplier markets, particularly steel, whereby the number of supply options has shrunk, and the Group is continually exploring ways of mitigating this risk.

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 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 operations 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 companies 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. In recent months, competitive pressure has intensified due to contraction in the overall market size. This has lead in some cases to lower margins, although the Group's focus is to improve and differentiate the product further. Should such pressures continue, it may have a further adverse impact on margins. Furthermore, due to capacity restrictions in some raw material markets, input prices are subject to upward pressures. Should input costs rise, competitive pressures in the market place may make it difficult to pass on some or all of these increases, thereby adversely affecting margins.

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 of the business units has established procedures and credit control policies around managing its receivables and takes action where necessary. Trade receivables are also managed by having credit insurance policies, to the extent that these are available, and credit limits. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which group 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 €181mn expressed net of provisions for default in payment. Of these receivables approximately 55% were covered by credit insurance or other forms of collateral such as letters of credit and bank guarantees.

Regulation

Following the expansion of Kingspan over the last decade the Group has manufacturing and distribution operations in over 32 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. However, 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 several countries have introduced grant aid for many 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.

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 raw material inputs and Kingspan's own manufacturing processes are, therefore, an essential part of the quality control before a Kingspan product is delivered to the customer. With the support of external audits, quality control systems are reviewed and improved on an ongoing basis to ensure each business unit is addressing the whole control environment around product and process development and the formal signing off from development to manufacturing. The majority of new products have also to 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 the market. To ensure that Kingspan meets the highest standards ISO accreditation is a tool that is used across the Group. At any one time 100% accreditation is unlikely as several of the sites are small operations which may be rationalised, restructured or amalgamated in the short to medium term. In addition Kingspan will generally have sites that have recently been acquired and therefore are still in the process of being integrated into the Kingspan model.

Expansion and acquisition

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

Information technology / business continuity

Kingspan uses a range of computer systems across its business units for efficient processing of orders, control procedures and financial management. These systems are constantly reviewed and updated accordingly to meet the growing needs of the Group. Business continuity planning is regularly being assessed and tested across the Group and addresses issues like personnel, manufacturing and disaster management. The Group is currently moving some of its similar business units to the same core operating platform in order to develop an in-house expertise in this system, and to generate scalability and mobility.

Taxation

Kingspan carries on significant levels of international trade and finance between members of the Group. The basis of this inter-group trade/finance is at arm's length, and documented by agreement. Such agreements are open to challenge by the tax authorities in each member company's jurisdiction, and the Group maintains an open dialogue with revenue authorities in various jurisdictions. An adverse view on these arrangements could give rise to increased taxation payments.

Dermot Mulvihill
Finance Director

The Board

Chairman	
Eugene Murtagh (Age 67)	Eugene Murtagh is the founder and non-executive chairman of the Group.
Executives	
Gene M. Murtagh (Age 38)	Gene Murtagh is the Group chief executive, having previously been 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 was appointed to the Board in 1999.
Dermot Mulvihill (Age 60)	Dermot Mulvihill is the Group finance director. He is a qualified chartered accountant (F.C.A., M.B.A.), having worked in a leading professional practice prior to this appointment to his current position in 1986.
Peter Wilson (Age 53)	Peter Wilson is managing director of the Group's Insulation business. He has been with the Group since 1981, and was appointed to the Board in 2003.
Russell Shiels (Age 48)	Russell Shiels is president of the Group's Access Floors and Insulated Panels businesses in North America. He was previously managing director of the Group's Building Components and Raised Access Floors businesses in the UK. He was appointed to the Board when he joined the Group in 1996.
Noel Crowe (Age 51)	Noel Crowe is managing director of the Group's Environmental & Renewables division. He joined the Group in 2001, having previously held a number of senior management positions in the ABB Group, and was appointed to the Board in 2004.
Non-executives	
Brendan Murtagh B.Comm. (Age 64)	Brendan Murtagh has been with the Group for 37 years, during which time he held a number of senior executive roles. Since his retirement from his executive role in December 2007, he has continued as a non-executive director.
Tony McArdle (Age 61)	Tony McArdle joined the Board in 2003. 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.
David Byrne S.C. (Age 62)	David Byrne was appointed to the Board in January 2005. He served as EU Commissioner with responsibility for Health and Consumer Protection from 1999 to 2004. Prior to becoming EU Commissioner, he served as Attorney General for two years. Currently he is a Deputy Chairman of DCC plc., Chairman of the Advisory Committee to the National Treasury Management Agency and of the Board of the National Concert Hall, and Chancellor of Dublin City University.
Brian Hill B.E., C.Eng., F.I.Mech.E., M.Eng.Sc., M.B.A. (Age 65)	Brian Hill joined the Board in 2005. 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.
Helen Kirkpatrick B.A., F.C.A. (Age 52)	Helen Kirkpatrick joined the Board in 2007. She is also a non-executive director of UTV 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.
Danny Kitchen B.Sc., F.C.C.A. (Age 57)	Danny Kitchen rejoined the Board in March 2009, having previously been a director of Kingspan from 1994 to 2003. 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 the Irish Nationwide Building Society since October 2008. Previously, he held a number of senior executive positions including as director of IBI Corporate Finance, finance director of Green Property Plc. and Deputy CEO of Heron International Limited.
Secretary	
Lorcan Dowd (Age 41)	Lorcan Dowd qualified as a solicitor in 1992. He was appointed Group company secretary in 2005. Before joining the Group he was director of Corporate Legal Services in PricewaterhouseCoopers in Belfast, having previously worked in private practice.

BOARD MEMBERSHIP

			Committees			
Name	**Role**	**Independent**	**Acquisitions**	**Audit**	**Nomination**	**Remuneration**
Eugene Murtagh	Chairman	No	-	-	Chair	-
Gene M. Murtagh	Chief Executive	No	Member	-	Member	-
Dermot Mulvihill	Finance Director	No	Member	-	-	-
Peter Wilson	MD Insulation	No	-	-	-	-
Russell Shiels	President North America	No	-	-	-	-
Noel Crowe	MD E&R	No	-	-	-	-
Brendan Murtagh	Non-executive	No	-	-	-	-
Tony McArdle	Senior Independent	Yes	Member	Member	Member	-
David Byrne	Non-executive	Yes	-	Member	Member	Chair
Brian Hill	Non-executive	Yes	Chair	Member	-	Member
Helen Kirkpatrick	Non-executive	Yes	-	Chair	Member	Member
Danny Kitchen	Non-executive	Yes	Member	Member	-	Member

The directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2009.

Principal activities

Kingspan Group is a leading manufacturer of an integrated range of energy conserving 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, solar thermal hot water systems and fuel & water storage solutions.

Results and dividends

Group turnover was €1,125.5mn (2008: €1,672.7mn), operating profit was €62.7mn (2008: €157.1mn before non-trading items of €75.1mn), and earnings per share were 28.7cent (2008: 26.7cent).

No dividend was paid during the year, and the directors are not recommending payment of a final dividend for the year ended 31 December 2009 (2008: 8.0 cent). Resumption of dividend payments will be considered by the Board in 2010 in light of debt reduction achieved in 2009, ongoing cash flow and operating performance reaching expectations.

Some key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2009 are set out in detail in this Annual Report. Other non-financial performance indicators relating to waste management and employee health and safety are set out 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 2009. The key points include:

- A solid performance in 2009 from the overall Group, despite hostile economic conditions.
- Excellent progress was made in debt reduction, with net debt at year-end of €164.3mn, down from €299.6mn. Operating working capital was €99mn lower than a year earlier.
- Insulation Boards total sales volumes were down 23%, but with growing sales and penetration in Western Europe.
- Insulated Panel sales volumes in the UK, Ireland and Western Europe were down 33%, with particular weakness in the speculative development segment.
- Insulated Panel sales volumes in North America were down 23%. Architectural façade products remained strong and the former Metecno business performed robustly in the circumstances.
- Central & Eastern Europe panel volumes were also weaker, down 25%. A substantial reorganisation of this unit was implemented, which will be completed in H1 2010.
- Access Floors sales volumes were down 31% globally, however, margins improved from 14% to 17.5%.
- Across the Group, fixed cost reductions in the year of €50mn brought the total since peak to €66mn. This process is now largely complete.
- Total investment in the year was €48.1mn. The main projects were the completion of a new Kooltherm® phenolic insulation facility in the Netherlands, and the completion of a new solar thermal collector plant in Northern Ireland. The Group also entered the Australian thermal insulation market with the acquisition of AIR-CELL Innovations in December, complementing Kingspan's already growing Insulated Panel business in that region.

Research & development

The Group continues to place considerable emphasis on research and development of existing and new products and on the improvement of the production process. Kingspan will continue to invest in research & development through 2010, with particular emphasis on renewable energy and high performing insulation products. Further details of research & development are contained in the Chief Executive's Review.

Corporate governance

The directors are committed to achieving the highest standards of corporate governance and a detailed statement describing how the principles of good governance set out in the Combined Code on Corporate Governance have been applied by the Company is included in this Annual Report.

Corporate social responsibility

Kingspan recognises the importance of conducting its business in a socially responsible manner. Its Corporate Social Responsibility Statement is available on the Group's website www.kingspan.com in the section "Our Responsibilities", with some further details included in this Annual Report.

Share capital

The Company's total authorised share capital comprises 220,000,000 ordinary shares of €0.13 each. At the 31 December 2009 the Company's total issued share capital comprised 171,503,951 ordinary shares of €0.13 each, of which the Company held 5,237,017 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 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 14 May 2009.

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 13 May 2010 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 13 May 2010.

At the Annual General Meeting held on 14 May 2009, 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 13 May 2010, 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

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

DIRECTORS' & SECRETARY'S INTERESTS IN SHARES

	31 December 2009	31 December 2008
Eugene Murtagh	**35,120,000**	35,120,000
Gene M. Murtagh	**1,128,103**	1,128,103
Brendan Murtagh	**4,626,629**	5,126,629
Dermot Mulvihill	**812,961**	812,961
Russell Shiels	**353,307**	353,307
Peter Wilson	**217,656**	217,656
Noel Crowe	**10,000**	10,000
Tony McArdle	**30,000**	20,000
Helen Kirkpatrick	**17,511**	9,234
Brian Hill	**11,000**	11,000
David Byrne	**3,000**	3,000
Danny Kitchen	**3,000**	-
Lorcan Dowd	**2,672**	2,672
	42,335,839	42,824,562

As at the 12 March 2010 the Company had been notified of the following substantial holdings in its issued share capital, in accordance with the Disclosure and Transparency Rules (DTR5):

Notification Date	Institution	Shares held	%
11.03.10	Governance for Owners LLP	9,695,989	5.80
06.10.09	Generation Investment Management LLP	19,975,011	12.03
28.07.09	Investec Asset Management Limited	6,865,931	4.01
06.05.09	Invesco Limited	11,558,276	6.96

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.

Directors and secretary

The directors and secretary of the Company at the date of this report are as shown in this Annual Report. Danny Kitchen was appointed as a non-executive director on the 1 March 2009. Brian Joyce and Eoin McCarthy both retired as non-executive directors, on the 30 January 2009 and the 14 May 2009 respectively, and Louis Eperjesi resigned as an executive director on the 31 July 2009.

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 shown in the table above.

Details of the directors' and secretary's share options are set out in the report of the Remuneration Committee. Since the 31 December 2009 Brendan Murtagh disposed of 4,493,750 shares, and Peter Wilson exercised 14,482 options, apart from which there have been no other changes in the directors' and secretary's interests.

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 Group.
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 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 42 manufacturing sites, and bases in 32 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2009, country of incorporation and nature of business are listed in Note 42 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 set out in the Business Risk Analysis, as well as being addressed in the Chief Executive's Review and the Financial Review. In particular the principal risks include:

- Competitive pressure affecting margin and profitability;
- Deterioration in market conditions resulting in weakening of demand;
- Product failure in the event of a breach in the quality controls in the manufacturing process.

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 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

In accordance with Section 160(2) of the Companies Act, 1963 the auditors, Grant Thornton, Registered Auditors, will continue in office.

Annual General Meeting

The Annual General Meeting of the Company will be held at The Herbert Park Hotel, Ballsbridge, Dublin 4 on Thursday 13 May 2010 at 11.00 a.m. The Notice of the Meeting is available on the Company's website www.kingspan.com, and Proxy Forms are being sent to all shareholders by post.

Shareholders registered in the register of members of the Company as at 6.00 pm on Tuesday 11 May 2010 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their names at the time. A shareholder may ask any questions relating to the business being dealt with at the Annual General Meeting. A member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. The ordinary resolutions require a simple majority of votes cast by shareholders voting in person or by proxy to be passed. The special resolutions require a majority of not less than 75% of votes cast by those who vote either in person or by proxy to be passed. A shareholder or a group of shareholders holding 3% of the issued share capital have a right to table a draft resolution to put an item on the agenda of the meeting subject to any contrary provisions in company law.

Re-election of directors

Noel Crowe, Tony McArdle and Helen Kirkpatrick each retire by rotation, and offer themselves for re-election at the Annual General Meeting.

Eugene Murtagh and Danny Kitchen, non-executive directors who have each served on the Board for a period greater than nine years, also offer themselves for re-election.

The Chairman, having regard to the performance and contribution of all of the above directors during the year, is of the view that each of the above directors continues to be effective and committed to the role, and recommends their re-election.

Special Business at the Annual General Meeting

Shareholders are being asked to renew, until the Annual General Meeting in 2011, the authority to allot any unissued share capital of the Company. No issue of shares will be made which could effectively alter control of the Company without prior approval of the shareholders in general meeting. At present the directors do not intend to issue any shares other than in connection with the Group's previously approved share option schemes.

Shareholders are being asked to renew, until the Annual General Meeting in 2011, the power of the directors to disapply the statutory pre-emption provisions applying to ordinary shares in the event of a rights issue or in any other issue for cash up to an aggregate of 5% of the nominal value of the Company's issued ordinary share capital. Shareholders are also being asked to approve, until the Annual General Meeting in 2011, the authority for the Company, or any of its subsidiaries, to purchase up to 10% of the Company's own shares and to reissue such shares purchased by it and not cancelled. The directors would only exercise the power to purchase the Company's own shares at price levels which they considered to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for a purchase of the Company's own shares shall be the nominal value of the ordinary shares, and the maximum price which may be paid shall be 105% of the then average market price of the ordinary shares. Shareholders are being asked to approve that, where the Company's shares have been repurchased, (such shares being known as Treasury Shares), these shares may be sold off-market at a maximum price of 120% of the Appropriate Price (as defined in the resolution), and a minimum price of 95% of the Appropriate Price.

Shareholders are being asked to renew, until the Annual General Meeting in 2011, the power of the directors to call a general meeting (other than the Annual General Meeting or a meeting to consider a special resolution requiring a 75% majority vote) on 14 days' notice. The directors consider that it is in the interests of the Company to retain this flexibility should circumstances arise which would require it.

Finally, the last item of special business concerns a number of proposed amendments to the articles of association of the Company, to reflect more comprehensively than has been done to date certain provisions of the Companies Acts (as amended by the Shareholder Rights (Directive 2007/36/EC) Regulations 2009) relating to proxies, general meetings and electronic communications. The proposed amendments are necessary for the management and good order of electronic communications between the Company and shareholders. Full details of the proposed amendments to the Company's articles of association are set out in the Notice of the Annual General Meeting.

SHAREHOLDER ANALYSIS AS AT 31 DECEMBER 2009

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	3,635	57.7	1,816,71	1.05
1,001 - 10,000	2,271	36.05	6,780,196	3.98
10,001 - 100,000	278	4.43	7,676,642	4.47
100,001 - 1,000,000	83	1.32	22,481,695	13.10
Over 1,000,000	32	0.5	132,749,147	77.40
	6,299	100.00	171,503,951	100.00

Registrar

Administrative enquiries about the holding of Kingspan Group Plc shares should be directed to:

The Company Registrar:
Computershare Investor Services (Ireland) Limited
Heron House, Corrig Road
Sandyford Industrial Estate Dublin 18

Shareholders who receive duplicate sets of Company mailings due to multiple accounts in their name should write to the Company's Registrar to have their accounts amalgamated.

Company Information

Registered Office:
Dublin Road, Kingscourt, County Cavan

Principle Bankers:

KBC Bank Ireland	Ulster Bank Limited
Allied Irish Banks	Bank of Ireland
BNP Paribas	HSBC Bank plc
Barclays Bank	

Auditors:
Grant Thornton, 24-26 City Quay, Dublin 2.

Solicitors:
McCannFitzgerald, Riverside One, Sir John Rogerson's Quay, Dublin 2.

Macfarlanes, 20 Cursitor Street, London, EC4A 1LT.

Stockbrokers:
Goodbody Stockbrokers, Ballsbridge Park, Ballsbridge, Dublin 4.

UBS Investment Bank, 1 Finsbury Avenue, London, EC2M 2PP, England.

On behalf of the Board

Eugene Murtagh, Chairman
Gene M Murtagh, Chief Executive

Role and 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. It is the aim of the Remuneration Committee 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 principle terms of reference of the Remuneration Committee are:

- to establish the remuneration policy applicable to the executive directors, including bonuses and other incentive arrangements, to encourage an enhanced performance, and reward individuals for their contribution to the success of the Group;
- 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 Company's compliance with the Combined Code, and best practice, in so far as concerns the company's remuneration policies.

The Remuneration Committee consists entirely of non-executive directors. The Committee invites the Chairman and Chief Executive to attend committee meetings when deemed appropriate.

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. It takes independent professional advice in this regard.

The various elements of the remuneration package for executive directors comprise the following:

- Basic salary and benefits. There was no increase in the basic salaries of the executive directors in 2009. In addition to their basic salary, executive directors' benefits relate to health insurance premiums and to the use by the executive directors of company cars.
- Annual bonus. Executive directors receive bonus payments of up to 100% of basic salary based on the attainment of 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 2009, the selected performance targets were a combination of Group and divisional profit targets. Russell Shiels and Peter Wilson were awarded bonuses on the basis of divisional profit targets being met, but no other executive director earned any bonus in the year.
- Pension scheme. The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on basic 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.
- 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.

The bonus and share option incentives are designed to 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 overall packages are reviewed annually by the Remuneration Committee, having regard to personal performance, competitive market practice and comparative information.

Directors' remuneration

Executive directors	Basic salary €'000	Benefit in kind and other allowances[1] €'000	Performance related bonus €'000	Pension contributions[2] €'000	2009 Total €'000	2008 Total €'000
Gene M. Murtagh	635	26	-	95	**756**	756
Dermot Mulvihill[3]	340	24	-	605	**969**	851
Russell Shiels[4]	279	25	220	67	**591**	504
Peter Wilson[4]	247	13	148	52	**460**	344
Noel Crowe	280	16	-	42	**338**	338
Louis Eperjesi[4 & 5]	144	16	-	60	**220**	350
	1,925	120	368	920	**3,334**	3,143
Charge to Consolidated Income Statement re share options					207	1,050
					3,541	4,193

Non-executive directors	2009 Non-executive fees €'000	2008 Non-executive fees €'000
Eugene Murtagh[6]	**191**	191
Brendan Murtagh	**70**	70
Tony McArdle	**70**	70
David Byrne	**70**	70
Brian Hill	**70**	70
Helen Kirkpatrick	**70**	70
Danny Kitchen[7]	**58**	-
Brian Joyce[8]	**6**	70
Eoin McCarthy[9]	**29**	70
	634	681

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 The Group made a contribution of €1,417,000 during 2009 to the Group's occupational pension plan in respect of Dermot Mulvihill, representing accelerated pension contributions up to the date of his retirement at age 62. The proportion charged to the Consolidated Income Statement in respect of this payment for 2009 is €605,000, and the prepayment for 2010 is €406,000, and for 2011 is €406,000. There are claw back arrangements in place should he retire early.
4 The 2009 salaries and remuneration have been converted to Euro at the following rates USD: 1.3946; STG: 0.8917. Russell Shiels' basic salary was $388,000 (2008: $388,000). Peter Wilson's basic salary was £220,000 (2008: £220,000). Louis Eperjesi's basic salary was £128,333 (2008: £220,000).
5 Louis Eperjesi resigned as an executive director on 31 July 2009. On termination of his employment he also received €298,000 as compensation for loss of office.
6 Eugene Murtagh also received a contribution to his personal pension scheme of €143,250.
7 Danny Kitchen was appointed as a non-executive director on 1 March 2009.
8 Brian Joyce retired as a non-executive director on 30 January 2009.
9 Eoin McCarthy retired as a non-executive director on 14 May 2009.

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 is set by the Remuneration Committee on advice from 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.

Standard Share Option Scheme
Under the terms of the share option scheme approved by shareholders in May 1998, (the Standard Share Option Scheme), share options were awarded to executive directors and senior management. 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 the growth in the Irish Consumer Price Index by at least 2% per annum compound. Grants of options under the Standard Share Option Scheme are awarded at the market price of the Company's shares at the time of the grant. Under the Standard Share Option Scheme, options become exercisable three years after they are granted (at the earliest) and remain exercisable for ten years. The percentage of share capital which can be issued under the scheme and individual grant limits comply with IAIM guidelines. 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.

Long Term Incentive Plan
The objective of the long-term incentive plan (LTIP), approved by shareholders in May 2001, is to motivate and reward executive directors and senior executives for exceptional performance. Share options granted to an individual under the terms of the LTIP are exercisable only if certain 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 the Irish Consumer Price Index 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.

Otherwise the shares do not vest.
The percentage of share capital which can be issued under the LTIP and individual grant limits comply with IAIM guidelines.

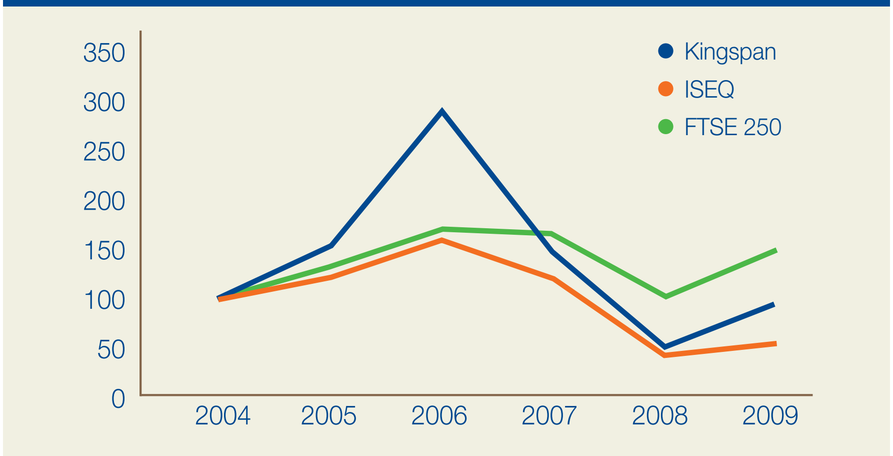
Performance Share Plan
The Performance Share Plan (PSP), approved by shareholders in May 2008, rewards the performance of managers and executives based on the overall performance of the Company, thus aligning the interests of management and executive directors with the interests of shareholders. The PSP has replaced the Standard Share Option Scheme which has 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 only if certain performance criteria are achieved in the three year period commencing with the accounting period in which the awards are granted. 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% and CPI plus 7%;
- 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 at or below the median compared with the selected peer group, 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 percentage of share capital which can be issued under the PSP and individual grant limits comply with IAIM guidelines.

Performance graph
This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the five-year period to 31 December 2009.

Total Shareholder Returns



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 2008	Granted during year	Exercised or cancelled during year	At 31 Dec 2009	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	1900		03/09/2010	03/09/2017
	80,000			80,000	810		05/03/2011	05/03/2018
	457,960			**457,960**		**1012**		
Long Term Incentive Plan	**124,052**		**(23,526)[2]**	**100,526**	**13**	**13**	**05/09/2009**	**05/03/2015**
Performance Share Plan	-	20,000[1]		20,000[1]	13		27/03/2012	27/03/2019
	-	128,000		128,000	13		27/03/2012	27/03/2019
		148,000		**148,000**		**13**		
Brendan Murtagh								
Standard Share Option Scheme	**10,097**		**(10,097)[3]**	**-**	**1090**		**05/09/2008**	**05/09/2015**
Dermot Mulvihill								
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	1900		03/09/2010	03/09/2017
	50,000			50,000	810		05/03/2011	05/03/2018
	295,786			**295,786**		**1118**		
Long Term Incentive Plan	**94,595**		**(16,415)[2]**	**78,180**	**13**	**13**	**05/09/2008**	**05/03/2015**
Performance Share Plan		**82,800**		**82,800**		**13**	**27/03/2012**	**27/03/2019**
Russell Shiels								
Standard Share	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	1900		03/09/2010	03/09/2017
	32,461			32,461	810		05/03/2011	05/03/2018
	190,594			**190,594**		**1229**		
Long Term Incentive Plan	**59,234**		**(13,338)[2]**	**45,896**	**13**	**13**	**05/09/2009**	**05/03/2015**
Performance Share Plan		**64,400**		**64,400**		**13**	**27/03/2012**	**27/03/2019**
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	1900		03/09/2010	03/09/2017
	10,742			10,742	810		05/03/2011	05/03/2018
	210,102			**210,102**		**1135**		
Long Term Incentive Plan	**73,992**		**(12,920)[2]**	**61,072**	**13**	**13**	**05/09/2008**	**05/03/2015**
Performance Share Plan		**64,400**		**64,400**		**13**	**27/03/2012**	**27/03/2019**

Director	At 31 Dec 2008	Granted during year	Exercised or cancelled during year	At 31 Dec 2009	Option price €Cent	Average option price €Cent	Earliest exercise date	Latest expiry date
Noel Crowe								
Standard Share	20,000			20,000	135		09/10/2005	09/10/2012
Option Scheme	30,000			30,000	330		18/09/2006	18/09/2013
	50,000			50,000	565		23/09/2007	23/09/2014
	38,192			38,192	1090		05/09/2008	05/09/2015
	40,000			40,000	1418		05/09/2009	05/09/2016
	37,726			37,726	1900		03/09/2010	03/09/2017
	16,199			16,199	810		05/03/2011	05/03/2018
	232,117			**232,117**		**965**		
Long Term Incentive Plan	**78,189**		**(11,532)[2]**	**66,657**	**13**	**13**	**23/09/2007**	**05/03/2015**
Performance Share Plan		**36,800**		**36,800**		**13**	**27/03/2012**	**27/03/2019**
Company secretary								
Lorcan Dowd								
Standard Share	7,638			7,638	1090		05/09/2008	05/09/2015
Option Scheme	10,000			10,000	1418		05/09/2009	05/09/2016
	15,000			15,000	1900		03/09/2010	03/09/2017
	15,000			15,000	810		05/03/2011	05/03/2018
	47,638			**47,638**		**1326**		
Long Term Incentive Plan	**12,000**			**12,000**	**13**	**13**	**03/09/2010**	**05/03/2015**
Performance Share Plan		**27,600**		**27,600**		**13**	**27/03/2012**	**27/03/2019**

1 Exceptional Performance Award
2 Cancelled 6 November 2009
3 Cancelled 31 December 2009

David Byrne S.C.
Chairman, Remuneration Committee

Role and composition of the Audit Committee

The Board has delegated responsibility for reviewing its financial reporting arrangements and internal control principles, together with monitoring the relationship with the Company's external auditors, to 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.

The Audit Committee consists entirely of non-executive directors including the Senior Independent Director, and the Chairman of the committee has recent and relevant financial experience. During the year, the committee met 4 times. The external auditors attended these meetings as required and have direct access to the committee at all times. The Finance Director 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.

Functions of the Audit Committee

The committee discharges its responsibilities by reviewing:

- prior to their release, the preliminary statement of annual results and questions the external auditor, the internal auditors and the Group Finance Director on these. It compares the results with management accounts and budgets, and reviews reconciliations between these and final results. It receives a report from the external auditors at that meeting identifying any accounting or judgmental issues arising from the audit requiring its attention;
- prior to their release, Half-year Results and compares the results with management accounts and budgets;
- the Group accounting policies on an ongoing basis;
- the performance of the external auditors, considering the quality of the reports and advice provided to the committee. It also considers their level of understanding of the Group's business, the objectivity of the auditors' views of the Group's internal controls and their ability to complete the audit within specified deadlines;
- the external auditors' work plan both before and after the audit. It reviews audit findings, adjustments, management letters and recommendations together with monitoring action taken by management as a result of any recommendations;
- management representation letters requested by the auditors for any non-standard issues (if any);
- approving the annual internal audit plan, and carrying out a regular assessment of the resources available to deliver on the plan in a timely fashion;
- reports from the internal auditors and management responses to such reports together with action points arising from them;
- relevant reports and recommendations from external consultants on an exception basis;
- the Group risk analysis and management responses annually together with the strategy to deal with identified risks.

Appointment of auditors and audit fees

The Audit Committee has assessed the qualification, expertise, resources and independence of the external auditors and the effectiveness of the audit process as follows:

- information as to qualifications, expertise, resources and internal quality control was provided by the auditors themselves;
- the assessment of the effectiveness of the audit process was carried out through discussions with Group Management, Head of Internal Audit and through feedback provided by divisional management;
- Independence is discussed separately below.

The Audit Committee reviews the terms of engagement of the auditors, the scope of the audit, and the audit fees. Any differential between approved audit fees and actual invoiced fees is reported to the Audit Committee. On an annual basis audit fees are benchmarked against audit fees incurred by peer listed companies.

Audit objectivity and independence

The auditors are permitted to provide non-audit services 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.
The Audit Committee ensures that the independence of the external audit is not compromised by:

- seeking confirmation from the external auditors that in their professional judgement they are independent from the Group;
- obtaining an account of all relationships between the external auditors and Group;
- 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 in light of ethical guidelines set down by the Institute of Chartered Accountants in Ireland.

Internal Control

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.

The committee conducts on-going reviews of the effectiveness of the system of internal control throughout the year. The process used by the Board for this review includes:

- the review by the Audit Committee of the external and internal auditors' work plans, reports and internal control recommendations;
- review by the Board and Audit Committee of the specific identified risk areas;
- consideration of reports from management, internal and external auditors on the system of internal control and on material control weaknesses;
- discussions with management on the implementation of strategies on any internal control and risk areas identified;
- consideration by the Board on the impact of relevant legislation on the Group.

The approach by the Board is proactive in identifying possible weaknesses and obtaining the relevant degree of assurance on specific areas of internal control and not merely reporting by exception. 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 considered by the committee.

In addition to the above, 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 set out in the Corporate Governance Statement in this Annual Report.

Code of conduct

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, by which staff are encouraged to raise any concerns about possible improprieties or breaches of the Code of Conduct in any area of the Group.
All breaches are obliged to be reported to the head of internal audit, who reports to the Audit Committee.

Risk assessment

The Directors confirm that the Group's ongoing process for identifying, evaluating and managing its significant risks is in accordance with Corporate Governance requirements (including Turnbull guidance for Directors on the Combined Code).
The process has been in place throughout the accounting period and up to the date of approval of the Annual Report and Financial Statements, and is regularly reviewed by the Board.

As part of the annual risk assessment, the Audit Committee assesses the risks to the business under the following headings: business; financial; compliance; human resources; operational; inventory; Research & Development / Quality Control; purchasing; sales; fixed assets; IT; and other. The principal risks facing the business identified by the Committee are included in the Business Risk Analysis in this Annual Report.

Compliance

This report has been prepared in accordance with the requirements of Section C of the 2008 Combined Code on Corporate Governance, as appended to the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

Helen Kirkpatrick, F.C.A.
Chairman, Audit Committee

The directors continue to endorse and apply the principles of good corporate governance set out in the Combined Code. This statement describes how the principles of the 2008 FRC Combined Code on Corporate Governance have been applied by the Company.

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.

The Board currently consists of 12 directors whose names and other details are as set out in this Annual Report. Five of the directors are executives, and seven including the Chairman are non-executive directors. 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 ability to provide effective leadership and control to the Group.

The Board met formally 9 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, and 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.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS
DURING THE YEAR ENDED 31 DECEMBER 2009

	Board		Acquisition		Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B	A	B
Eugene Murtagh	9	9					3	3		
Gene M. Murtagh	9	9	2	2			3	3		
Dermot Mulvihill	9	9	2	2						
Russell Shiels	9	6								
Peter Wilson	9	9								
Noel Crowe	9	9								
Louis Eperjesi	5	4								
Brendan Murtagh	9	8								
Tony McArdle	9	9	2	2	4	4	3	3		
David Byrne	9	9			4	3	3	3	4	4
Brian Hill	9	8	2	2	4	4			4	3
Helen Kirkpatrick	9	9			4	4	3	3	4	4
Danny Kitchen	7	6	2	2	4	3			3	2
Eoin McCarthy	3	3								
Brian Joyce	1	1								

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

The Chairman and Chief Executive

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

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.

Board balance and independence

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 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 previous tenure on the Board he always exercised a strongly independent judgment, that the independence of his character and judgement was not compromised.

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

During the year the Chairman carried out a review of the performance of individual directors. The Senior Independent Director through discussions with other directors conducted a review of the Board, its committees and its corporate governance.

Re-election of directors

The Company's Articles of Association provide that newly appointed directors are subject to election at the Annual General Meeting following their appointments. Excluding any such newly appointed directors, one third of the Board is subject to re-election at each Annual General Meeting. Non-executive directors are appointed to the Board for an initial term of three years, renewable with the Board's agreement, but subject to re-election by the shareholders on the normal rotation basis. Any non-executive director who has served more than nine years from the time of first election is subject to annual re-election thereafter.

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.

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.

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 meets at least once a year, and additionally if required, to consider the Board's membership, to identify any additional skills or experience which might benefit the Board's performance and recommend appointments to or, where necessary, removals from, the Board.

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 is set out in this Annual Report.

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 Group's internal control system are identified in the Report of the Audit Committee. 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 Group Finance Director 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, except in the respects more fully described below, has throughout the accounting period ended 31 December 2009 complied with the provisions of the 2008 FRC Combined Code on Corporate Governance:

- During the year less than half the Board, excluding the Chairman, were independent non-executive directors. It is the view of the Board that the range and blend of skills match the needs of the business and facilitate a sound decision-making process and control environment. It is also their view that there is sufficient balance in the Board, including a strong and independent non-executive element, so that no individual or group of individuals can dominate decision making. The Board is committed to refreshing and strengthening the independent representation on the Board on an on-going basis.
- The Nominations Committee did not use external consultants or open advertising when appointing Danny Kitchen as a non-executive director to the Board. It utilised industry and professional contacts to identify suitable candidates and consulted with the IAIM regarding the appointment.
- The remuneration of the non-executive directors is set by the Remuneration Committee on advice from independent professional advisors, rather than by the Board as a whole, and is benchmarked against other Irish and European quoted companies of similar size.

Kingspan's Energi Centre, Holywell, North Wales

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 & Policy; and
- 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.

Energy/carbon reductions

Since 2005 almost 250 million tonnes a year of CO_2 were emitted as a result of energy use in UK buildings, and globally residential, commercial and industrial buildings are responsible for 40% of total carbon emissions. Much of the building stock has been in existence for many years and in order to reduce the overall energy demand arising from the built environment it is essential that energy efficiency is addressed not just in new build, but also in the refurbishment of existing buildings.

Kingspan's sustainable Energi Centre in Holywell is a show piece of energy efficiency. It is constructed primarily with products from the Kingspan range, demonstrating key elements of Kingspan's "Insulate and Generate" theme, including:

- Insulated Panels - on the roof and walls, providing maximum insulation and air-tightness in a completely fibre free environment without any degradation of the insulation effectiveness during the life of the building;
- Solar Heating System – Thermomax vacuum tubes from Kingspan Renewables are mounted on the roof. The solar generated heat is transferred via a heat exchanger coil into the buildings hot water system, which is used to heat the gas fired hot water generator. This ensures that hot water is available at all times at the lowest cost and minimum carbon emissions;
- Rainwater Recovery Technology - from Kingspan's Environmental range. A 10,000 litre underground tank collects rainwater from the Kingspan roof drainage system. The tank incorporates a low energy pump to raise the collected water to a water storage tank from where it is distributed for use in the building;
- Solar Photovoltaic Panels - ten Kingspan powerpanels, comprising building integrated insulated photovoltaic panels with peak out put of 210 watts, have been installed on the Kingspan roof and are connected to the national grid;

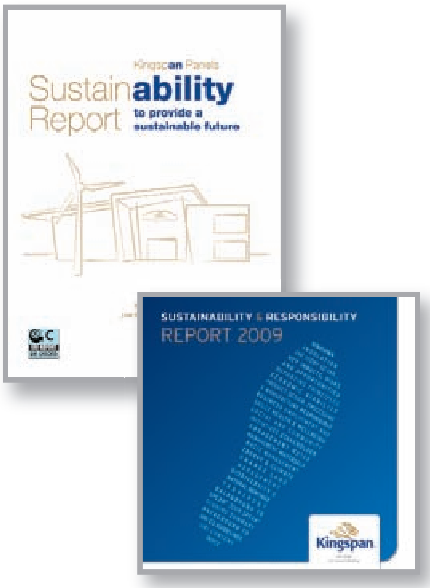
- Access Floors - from Kingspan Access Floors have been installed throughout the building. These floors facilitate underfloor air conditioning which is significantly cheaper to run and creates a healthier environment than overhead systems as well as facilitating the cable management for the whole building;
- Kooltherm® - pipe and ducting insulation from Kingspan Insulation was used throughout. This provides totally fibre free insulation to the pipework and ducting to create a healthy environment for staff and of course the insulation will be effective for the life of the building.

Through the development of the Zero Carbon home (the technology in which can equally be applied in commercial buildings), which in itself already meets the 2016 zero net carbon target outlined in the UK's Code for Sustainable Homes, Kingspan demonstrated the innovation that it can deliver to investors and building occupiers who are increasingly demanding higher renewable content in their building fabric. The spirit of the UK code is being replicated through industry initiatives and legislative frameworks around the globe as the importance of the climate challenge gains momentum, and with this will come much higher insulation standards, rainwater recovery, use of renewables such as solar hot water and power generation, all products currently in the Kingspan suite.

Performance & measurement

Kingspan has for many years promoted and sponsored CSR reporting across all its business divisions.

Kingspan Insulation has been producing full sustainability reports since 2004. The process of assessment by accredited third parties began in 2003, when Kingspan Insulation was the first insulation manufacturer to complete an independently certified Life Cycle Assessment (LCA) on one of its products. However, the company was quick to recognise that, valuable though the LCA process was in assessing the environmental impact of the product, it was only one aspect of the whole issue of sustainability. Kingspan Insulation determined to put sustainability at the heart of its operations and so commissioned a full assessment of its performance using the Sustainable Project Appraisal Routine (SPeAR®) developed by Ove Arup & Partners Ltd. For the last five years SPeAR® has been central to how the company



assesses and forms its sustainability action plan. The whole spectrum of its manufacturing activities was examined for economic, social, environmental and natural resource impact and an action plan for improvement agreed. The exercise has been repeated on an annual basis since, to assess progress and continue the sustainable development of the business.

The annual SPeAR® appraisal continues to be undertaken, whilst the latest report (2008) has been enhanced by the use of the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines 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. The report achieves a Level B in accordance with GRI reporting requirements. The Insulation businesses covered by this GRI report accounted for approximately 10% of Group turnover last year.

Kingspan Insulated Panels division has been producing sustainability reports using the GRI guidelines since 2006. The latest report (2008) has achieved a Level C standard, and its scope has been expanded from the initial UK & Ireland sites, to include all its manufacturing and sales offices in Western Europe, Australia and New Zealand. The businesses covered by this report accounted for approximately 30% of the Group turnover in 2009. Last year Kingspan Insulated Panels achieved 1st place for Wales for the second year running, and 21st place overall, in the Sunday Times Green List.

THE SUNDAY TIMES BEST GREEN COMPANIES 2009

These are the first reports in an annual sustainability reporting cycle which we hope will demonstrate performance improvements across the Group. The scope of these GRI reports will be expanded progressively throughout Kingspan's other divisions in over the coming years.

Sustainable product stewardship

The Building Research Establishment (BRE) has developed an environmental assessment tool (BREEAM) which helps construction professionals calculate the environmental impacts of their building developments. Greater importance will be given to energy, transport, material and waste in the weighting system with the aim of making it more difficult to achieve the points needed to achieve BREEAM Excellent and the new BREEAM Outstanding. The BRE environmental profiling methodology, which is ISO 14041 compliant, was originally developed to enable robust and reliable comparison between different construction systems. "A" rated products gain additional credits for buildings assessed by environmental assessment methodologies such as BREEAM. To date certified environmental profiles have been awarded to many of Kingspan's key Insulated Panel and Insulation Board products, and work is ongoing to extend certification to all key products. Such a rating will enable customers of Kingspan to compare the environmental impact of Kingspan's products with alternatives, and it will allow Kingspan to identify areas of potential improvement.

Kingspan Insulated Panels has adopted the BRE's Environmental Profiles Assessment Methodology to quantify the environmental impact of its Insulated Panels. To this end the BRE analysed data across a range of environmental issues, from cradle (inception and raw materials) to grave (disposal) of some of Kingspan Insulated Panels' key products. This is known as lifecycle assessment (LCA) and is becoming increasingly important given the pressures being placed upon the global environment. Kingspan's is delighted that its architectural wall panel and trapezoidal roof and wall product range have all been reassessed under the new BRE Green Guide to Specification and achieved 'A+' ratings.

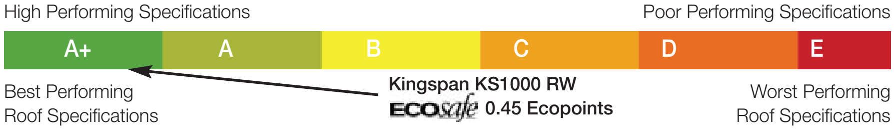
Kingspan Insulation obtained a BRE certified Life Cycle Assessment for its Therma™

range of products in 2002. Annual improvements and assessments have been undertaken for Therma™ since then, with the range now achieving an 'A' rating in the BRE Green Guide to Specification. A certified Life Cycle Assessment is now also in preparation for the Kooltherm® range according to the criteria of the new BRE Green Guide to Specification which it is hoped to achieve in 2010.

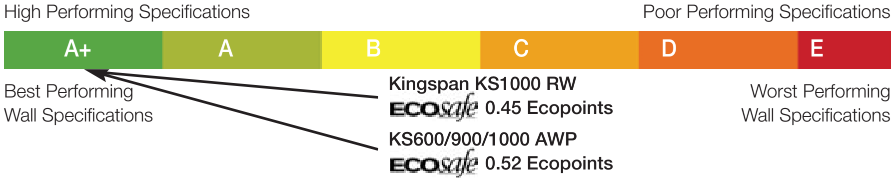
In 2008, Kingspan Insulation commenced work towards certification against the BRE Environmental and Sustainability Standard (BES) 6001: Framework Standard for Responsible Sourcing of Construction Products. The company began to engage with key first tier materials suppliers to raise awareness of sustainability issues down the supply chain and to encourage high standards of environmental, quality, and health and safety performance.

Commercial Cradle to Grave Diagrams

Roof Specification*



Wall Specification†



* Low Pitched Roof: KS1000 RW Panel with ECOsafe insulation core manufactured at Holywell. Supported on cold rolled steel purlins and structural sections. Steel facings; generic organic coatings. Insulation 120mm core thickness.

† External Wall: KS1000 RW Panel with ECOsafe insulation core manufactured at Holywell vertically laid. Supported on cold rolled steel rails. Steel facings; generic organic coatings. Insulation 70mm core thickness. KS600/900/1000 AWP Panel with ECOsafe insulation core manufactured at Holywell horizontally laid. Supported on cold rolled steel rails and structural frame. Steel facings; generic organic coatings. Insulation 80mm core thickness.

Managing waste

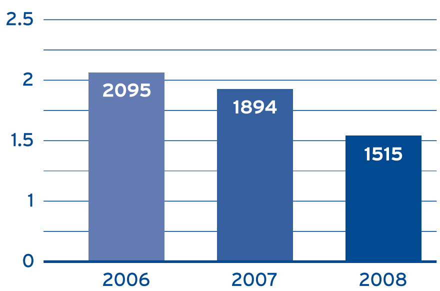
Kingspan is committed to the principles of the waste hierarchy: avoid, reduce, re-use, recycle, and dispose responsibly. Kingspan's Environmental Purchasing Policy ensures that the focus remains on waste elimination, but where the scope for improvement remains limited, waste will be disposed of by the most environmentally sustainable means. The company aims to ensure that the Best Practical Environmental Option (BPEO) is applied to all waste streams. The purchasing department actively pursues the most appropriate materials and technologies which reduce overall waste and the company's environmental impact. We currently recycle steel, paper, cardboard, wood and plastic at all Kingspan manufacturing sites.

As part of our ISO 14001 management system, Kingspan is also committed to reducing the levels of waste generated by products when they reach construction sites, and ultimately to providing an end-of-life solution for the disposal of all non-reusable products. Certain facilities in the Group now offer a full pallet return service and we have also launched trials on recycling all Kingspan Insulated Panels' packaging from construction sites. In current production, waste PIR is now being recycled back into the manufacturing process at our Insulated Panel site in Ireland, and in the case of Insulation Boards, off-cuts from waste are used in substitution for pallets.

In recognition of the environmental impacts associated with the chemicals industry, Kingspan Insulation's Environmental Purchasing Policy and Resource Use Policy state that every effort will be made to replace all or part of the base chemical inputs with materials derived from waste streams from other chemical or production processes, by utilising other recyclable waste, or from sources with an otherwise lower environmental impact. The company is continually looking for opportunities to utilise re-used or recycled materials in the production process, where they will not compromise product quality. All polyols used are made from recycled industrial waste stream, 23% of the steel Kingspan uses is from a recycled source, and the timber used in the off-site business is all sourced from sustainable managed forests.

Insulated Panels

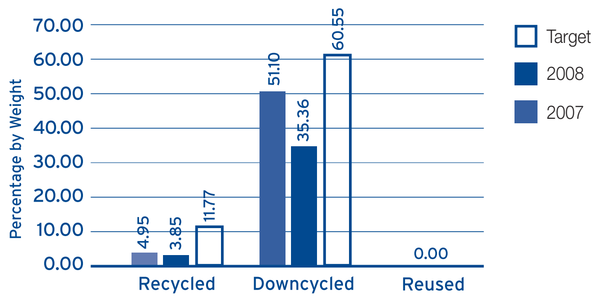
Total weight of waste in tonnes (landfill)



An ambitious waste to landfill reduction target of 20.0% was set for 2008. Kingspan did achieve this target with an overall reduction of waste to landfill of 20.0%. An ambitious target of a 20.0% reduction has again been set for 2009.

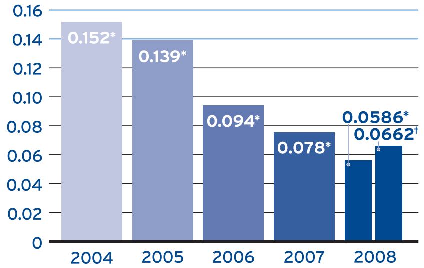
Insulation Boards

Percentage of waste recycled, downcycled or reused



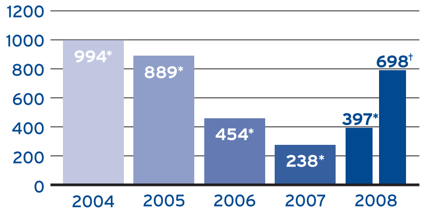
The decrease in % of waste downcycled is a reflection of a downturn in the market for the products into which insulation waste it is processed.

Insulated Panels
Accident rate
(per 1000 hours worked)

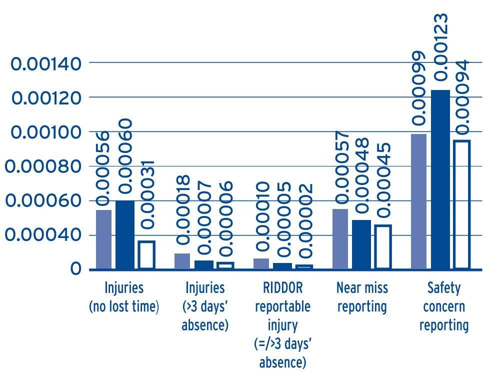


* Rates for our Holywell, Kingscourt & Sherburn facilities.
† Whole division.

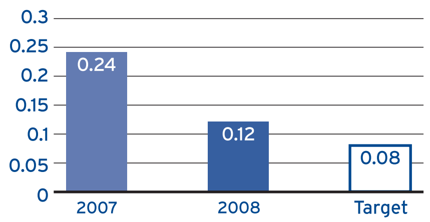
Insulated Panels
Days lost due to accidents



Insulation Boards
Accident rate
(per 1000 hours worked)



Insulation Boards
Days lost due to accidents



Lost Days as a % of total man days worked during the year

Kingspan also recognises the necessity to minimise consumption of water resources on-site, particularly from municipal supplies. The company aims to act responsibly and comply with all relevant legislation in conserving water, managing water supplies to site, and monitoring water that escapes from site in diffuse form and from point sources. Kingspan aspires to best practice water management and aims for continual improvement in water use.

Employee safety and skills

Kingspan values its staff and strives to provide excellent working conditions and career development prospects for all employees. Annual investments are made in staff training and development to ensure individuals' continual learning and diversification of skills. Kingspan recognises its influence in local employment markets and seeks to bolster the economic welfare of surrounding communities through the recruitment of local people.

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 wellbeing 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. Since 2006 Kingspan Insulated Panels has achieved OHSAS 18001 at all of its UK, Ireland and Western Europe manufacturing sites, and Kingspan Insulation is working towards achieving OHSAS 18001 at its new Selby site, and has already achieved it on its other sites since 2005. Kingspan Insulated Panels recently won the ROSPA Gold Award for Safety for the second year running, recognising its well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.

Social & community responsibility

Kingspan acknowledges the importance of fostering strong relationships with the communities in which it operates, and takes a proactive approach to be a responsible neighbour to local groups.

The Kingspan Insulation Community Trust was established in 2006 as a registered charity, through which the company donates to community initiatives in Shobdon, Pembridge and Kingsland, Herefordshire. To date, almost £75,000 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 support the work of the Irish Hospice Foundation, by sponsoring its fundraising Dublin to Paris/Paris to Geneva cycle challenges. The Irish Hospice Foundation is a fantastic organisation which 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 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland, and 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, we confirm that to the best of our 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 Murtagh	*Dermot Mulvihill*
Chief Executive Officer	*Group Finance Director*

1 March 2010

We have audited the Group and parent company Financial Statements of Kingspan Group plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statements of Financial position, Consolidated and Parent Company Statements of Changes in Equity, Consolidated and Parent Cash Flow Statements and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

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 for use in the European Union, are set out in the Statement of Directors' Responsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990 and Regulations 9 and 13 of the European Communities (Directive 2006/46/EC) Regulations, 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union. We report to you our opinion as to whether the parent Financial Statements give a true and fair view in accordance with IFRSs as adopted for use in the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2009. We also report to you whether the Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether, at the statement of financial position 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 we consider necessary for the purposes of our audit, and whether the Financial Statements are 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 establish that the Company has produced a Corporate Governance Statement and whether the Statement contains the information required by law. We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are also required to report to you if, in our opinion, the description in the Statement of the main features of the internal control and risk management systems in relation to the process for preparing consolidated accounts, is consistent with the Financial Statements. 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 also consider and report to you whether the information required under sub-paragraphs (c), (d), (f), (h) and (i) of paragraph (2) of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 about share capital structures, and included in the Corporate Governance Statement, is consistent with the Financial Statements.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Business Risk Analysis, the Directors' Report,the Corporate Governance Statement and the Corporate Social Responsibility Statement. 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 parent 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 the IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 31 December 2009 and of its result for the year then ended;
- the parent company Financial Statements give a true and fair view in accordance with the IFRSs as adopted for use in the European Union 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 2009;
- the Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation; and
- the information given in the Corporate Governance Statement set out in the Annual Report:
  - with respect to the description of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated Financial Statements; and
  - about share capital structures in accordance with sub-paragraphs (c), (d), (f), (h) and (i) of paragraph (2) of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

is consistent with the Financial Statements. We have obtained all the information and explanations 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 is consistent with the Financial Statements.

The net assets of the Company, as stated in the Company Statement of Financial Position, 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 2009 a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1963, would require the convening of an extraordinary general meeting of the Company.

GRANT THORNTON
Chartered Accountants and
Registered Auditors
24-26 City Quay
Dublin 2
23 March 2010

Consolidated Income Statement for the year ended 31 December 2009

Note		Total 2009 €'000	Total 2008 €'000
6	**REVENUE**	**1,125,523**	1,672,714
	COST OF SALES	**(816,610)**	(1,205,239)
	GROSS PROFIT	**308,913**	467,475
	Operating costs	**(241,858)**	(305,739)
	TRADING PROFIT	**67,055**	161,736
	Intangible amortisation	**(4,396)**	(4,615)
	Non trading items	**-**	(75,077)
	OPERATING PROFIT	**62,659**	82,044
8	Finance cost	**(12,750)**	(15,466)
8	Finance income	**6,770**	1,556
9	**PROFIT FOR THE YEAR BEFORE TAX**	**56,679**	68,134
11	Income tax expense	**(8,712)**	(24,151)
	NET PROFIT FOR THE YEAR	**47,967**	43,983
	Attributable to shareholders of Kingspan Group plc	**47,658**	44,990
	Attributable to minority interest	**309**	(1,007)
		47,967	43,983
	EARNINGS PER SHARE FOR THE YEAR		
12	Basic	**28.7c**	26.7c
12	Diluted	**28.3c**	26.5c

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
1 March 2010

Consolidated Statement of Comprehensive Income as at 31 December 2009

Note		Total 2009 €'000	Total 2008 €'000
	Net result for financial period	**47,967**	43,983
	Other comprehensive income:		
29	Cash flow hedging in equity - current year	**(389)**	6,658
29	Cash flow hedging in equity - reclassification to profit and loss	**(6,658)**	(1,702)
39	Actuarial losses in defined benefit pension scheme	**(3,951)**	(1,640)
29	Currency translation	**22,341**	(131,424)
	Income taxes relating to items charged or credited to equity	**1,106**	452
	Total comprehensive income for the year	**60,416**	(83,673)
	Attributable to shareholders of Kingspan Group plc	**60,107**	(82,666)
	Attributable to minority interest	**309**	(1,007)
		60,416	(83,673)

Consolidated Statement of Financial Position
as at 31 December 2009

Note		2009 €'000	2008 €'000
	ASSETS		
	NON-CURRENT ASSETS		
13	Goodwill	**300,021**	279,777
14	Other intangible assets	**10,305**	13,168
16	Property, plant and equipment	**399,989**	411,068
17	Long term financial assets	**10**	210
26	Deferred tax assets	**2,950**	1,228
		713,275	705,451
	CURRENT ASSETS		
18	Inventories	**110,821**	159,116
19	Trade and other receivables	**203,505**	299,189
	Cash and cash equivalents	**83,886**	75,254
		398,212	533,559
20	Non-current assets classified as held for sale	**19,010**	-
		417,222	533,559
	TOTAL ASSETS	**1,130,497**	1,239,010
	LIABILITIES		
	CURRENT LIABILITIES		
21	Trade and other payables	**191,071**	236,029
25	Provisions for liabilities	**59,059**	56,467
	Derivative financial instrument	**917**	-
23	Contingent deferred consideration	**698**	4,980
22	Interest bearing loans and borrowings	**31,863**	16,857
	Current tax liabilities	**32,914**	34,314
		316,522	348,647
	NON-CURRENT LIABILITIES		
39	Retirement benefit obligations	**3,666**	3,738
22	Interest bearing loans and borrowings	**201,141**	345,249
	Derivative financial instrument	**6,042**	-
26	Deferred tax liabilities	**14,982**	14,504
23	Contingent deferred consideration	**2,609**	7,790
		228,440	371,281
	TOTAL LIABILITIES	**544,962**	719,928
	NET ASSETS	**585,535**	519,082
	EQUITY		
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF KINGSPAN GROUP PLC		
27	Share capital	**22,296**	22,265
28	Share premium account	**36,486**	35,751
29	Other reserves	**(178,742)**	(194,036)
30	Revaluation reserve	**713**	713
31	Capital redemption reserve	**723**	723
32	Retained earnings	**699,373**	651,841
		580,849	517,257
34	Minority interest	**4,686**	1,825
	TOTAL EQUITY	**585,535**	519,082

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
1 March 2010

Consolidated Statement of Changes in Equity

	Share Capital €'000	Share Premium Account €'000	Other Reserves €'000	Capital Redemption & Revaluation Reserves* €'000	Retained earnings €'000	Total Attributable to Owners €'000	Minority Interest €'000	Total Equity €'000
At 1 January 2009	22,265	35,751	(194,036)	1,436	651,841	517,257	1,825	**519,082**
Shares issued	31	654	-	-	-	685	-	**685**
Employee share based compensation	-	-	-	-	2,800	2,800	-	**2,800**
Exercise of employee share based compensation	-	81	-	-	(81)	-	-	**-**
Transaction with owners	**31**	**735**	**-**	**-**	**2,719**	**3,485**	**-**	**3,485**
Profit for the period	-	-	-	-	47,658	47,658	309	**47,967**
Other comprehensive income:								
Cash flow hedging in equity								
- current year	-	-	(389)	-	-	(389)	-	**(389)**
- reclassification to profit and loss	-	-	(6,658)	-	-	(6,658)	-	**(6,658)**
Defined benefit pension scheme	-	-	-	-	(3,951)	(3,951)	-	**(3,951)**
Tax on defined benefit pension scheme	-	-	-	-	1,106	1,106	-	**1,106**
Currency translation	-	-	22,341	-	-	22,341	-	**22,341**
Total comprehensive income for the period	**-**	**-**	**15,294**	**-**	**44,813**	**60,107**	**309**	**60,416**
Other transactions with minority interest:								
Currency translation	-	-	-	-	-	-	339	**339**
Movement in minority interest	-	-	-	-	-	-	2,213	**2,213**
At 31 December 2009	**22,296**	**36,486**	**(178,742)**	**1,436**	**699,373**	**580,849**	**4,686**	**585,535**

** Capital Redemption and Revaluation reserves are €723,000 and €713,000 respectively. There were no movements on these balances since 31 December 2008.*

Consolidated Statement of Changes in Equity

	Share Capital €'000	Share Premium Account €'000	Other Reserves €'000	Capital Redemption & Revaluation Reserves €'000	Retained earnings €'000	Total Attributable to Owners €'000	Minority Interest €'000	Total Equity €'000
At 1 January 2008	22,146	31,917	(67,568)	1,436	681,755	669,686	3,230	672,916
Shares issued	119	2,574	-	-	-	2,693	-	2,693
Employee share based compensation	-	-	-	-	2,372	2,372	-	2,372
Exercise of employee share based compensation	-	1,260	-	-	(1,260)	-	-	-
Share buyback	-	-	-	-	(32,565)	(32,565)	-	(32,565)
Dividends	-	-	-	-	(42,262)	(42,262)	-	(42,262)
Transaction with owners	**119**	**3,834**	**-**	**-**	**(73,716)**	**(69,763)**	**-**	**(69,763)**
Profit for the period	-	-	-	-	44,990	44,990	(1,007)	43,983
Other comprehensive income:								
Cash flow hedging in equity								
- current year	-	-	6,658	-	-	6,658	-	6,658
- reclassification to profit and loss	-	-	(1,702)	-	-	(1,702)	-	(1,702)
Defined benefit pension scheme	-	-	-	-	(1,640)	(1,640)	-	(1,640)
Tax on defined benefit pension scheme	-	-	-	-	452	452	-	452
Currency translation	-	-	(131,424)	-	-	(131,424)	-	(131,424)
Total comprehensive income for the period	**-**	**-**	**(126,468)**	**-**	**43,802**	**(82,666)**	**(1,007)**	**(83,673)**
Other transactions with minority interest:								
Currency translation	-	-	-	-	-	-	(288)	**(288)**
Movement in minority interest	-	-	-	-	-	-	(110)	**(110)**
At 31 December 2008	**22,265**	**35,751**	**(194,036)**	**1,436**	**651,841**	**517,257**	**1,825**	**519,082**

Consolidated Cash Flow Statement for the year ended 31 December 2009

Note		2009 €'000	2008 €'000
	OPERATING ACTIVITIES		
	Profit for the year before tax	**56,679**	68,134
35	Adjustments	**50,967**	107,692
	Change in inventories	**50,723**	(4,218)
	Change in trade and other receivables	**108,398**	52,018
	Change in trade and other payables	**(53,958)**	4,715
	Pension contributions	**(2,927)**	(2,611)
	Cash generated from operations	**209,882**	225,730
	Taxes paid	**(10,119)**	(18,121)
	Net cash flow from operating activities	**199,763**	207,609
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(48,592)**	(100,044)
	Proceeds from disposals of property, plant and equipment	**2,715**	2,470
	Proceeds from sale of financial assets	**200**	-
	Purchase of subsidiary undertakings	**(6,566)**	(87,700)
	Net (loans)/cash acquired with acquisitions	**(183)**	3,184
	Payment of deferred consideration in respect of acquisitions	**(11,196)**	(2,521)
	Interest received	**1,840**	1,587
	Net cash flow from investing activities	**(61,782)**	(183,024)
	FINANCING ACTIVITIES		
	(Repayment)/increase of bank loans	**(139,093)**	84,577
	Discharge of finance lease liability	**(574)**	(1,350)
	Proceeds from share issues	**685**	2,693
	Buyback of own shares	**-**	(32,565)
	Interest paid	**(14,752)**	(14,255)
	Dividends paid to minorities	**(340)**	(71)
	Dividends paid	**-**	(42,262)
	Net cash flow from financing activities	**(154,074)**	(3,233)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**74,272**	62,938
	(Decrease)/increase in cash and cash equivalents	**(16,093)**	21,352
	Translation adjustment	**1,738**	(10,018)
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**59,917**	74,272
	Cash and cash equivalents as at 1 January were made up of:		
	Cash and cash equivalents	**75,254**	66,626
	Overdrafts	**(982)**	(3,688)
		74,272	62,938
	Cash and cash equivalents as at 31 December were made up of:		
	Cash and cash equivalents	**83,886**	75,254
	Overdrafts	**(23,969)**	(982)
		59,917	74,272

Company Statement of Financial Position as at 31 December 2009

Note		2009 €'000	Restated 2008 €'000	Restated 2007 €'000
	ASSETS			
	NON-CURRENT ASSETS			
17	Investments in subsidiaries	**1,077,459**	26,943	25,070
	CURRENT ASSETS			
19	Trade and other receivables	**263,652**	60,740	79,583
		263,652	60,740	79,583
	TOTAL ASSETS	**1,341,111**	87,683	104,653
	LIABILITIES			
	CURRENT LIABILITIES			
21	Trade and other payables	**-**	-	6,490
	TOTAL LIABILITIES	**-**	-	6,490
	NET ASSETS	**1,341,111**	87,683	98,163
	EQUITY			
	Equity attributable to Shareholders of Kingspan Group plc			
27	Share capital	**22,296**	22,265	22,146
28	Share premium account	**36,486**	35,751	31,510
31	Capital redemption reserve	**723**	723	723
32	Retained earnings	**1,281,606**	28,944	43,784
	TOTAL EQUITY	**1,341,111**	87,683	98,163

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
1 March 2010

Company Statement of Changes in Equity

	Share Capital €'000	Share Premium Account €'000	Redemption Reserves €'000	Total Retained Earnings €'000	Attributable to Owners €'000
At 1 January 2009	22,265	35,751	723	28,943	87,682
Shares issued	31	654	-	-	685
Employee share based compensation	-	-	-	1,199	1,199
Exercise of employee share based compensation	-	81	-	(81)	-
Transactions with owners	**31**	**735**	**-**	**1,118**	**1,884**
Profit for the period	-	-	-	1,251,545	1,251,545
Total comprehensive income for the period	**-**	**-**	**-**	**1,251,545**	**1,251,545**
At 31 December 2009	**22,296**	**36,486**	**723**	**1,281,606**	**1,341,111**

	Share Capital €'000	Share Premium Account €'000	Redemption Reserves €'000	Total Retained Earnings Restated* €'000	Attributable to Owners €'000
At 1 January 2008	22,146	31,510	723	43,784	98,163
Shares issued	119	2,981	-	-	3,100
Employee share based compensation	-	-	-	2,372	2,372
Exercise of employee share based compensation	-	1,260	-	(1,260)	-
Share buyback	-	-	-	(32,565)	(32,565)
Dividends	-	-	-	(42,262)	(42,262)
Transactions with owners	**119**	**4,241**	**-**	**(73,715)**	**(69,355)**
Profit for the period	-	-	-	58,875	58,875
Total comprehensive income for the period	**-**	**-**	**-**	**58,875**	**58,875**
At 31 December 2008	**22,265**	**35,751**	**723**	**28,944**	**87,683**

** See Note 32 for impact of prior year adjustment.*

Company Cash Flow Statement
for the year ended 31 December 2009

	2009 €'000	Restated 2008 €'000
OPERATING ACTIVITIES		
Profit for the year before tax	**1,251,545**	58,874
Adjustments - Employee equity-settled share options	**1,199**	2,372
Profit on disposal of financial assets	**(1,049,316)**	-
Change in trade and other receivables	**(202,912)**	18,843
Change in trade and other payables	**-**	(6,490)
Net cash flow from operating activities	**516**	73,599
INVESTING ACTIVITIES		
Proceeds from sale of financial assets	**1,058,999**	500
Purchase of financial assets	**(1,060,200)**	(2,372)
Net cash flow from investing activities	**(1,201)**	(1,872)
FINANCING ACTIVITIES		
Proceeds from share issues	**685**	3,100
Buyback of own shares	**-**	(32,565)
Dividends paid	**-**	(42,262)
Net cash flow from financing activities	**685**	(71,727)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Net increase in cash and cash equivalents	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**-**	-

Notes to the Financial Statements as at 31 December 2009

1. BASIS OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), which comprise standards and interpretations approved by 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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and as applied in accordance with the Companies Acts, 1963 to 2006. 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 forms part of the approved financial statements of the Company as the Company publishes Company and Group financial statements together.

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

Changes to the primary statements published in the Preliminary Announcement

The following charges have been made to the primary statements which were included in the Preliminary Announcement published on 1 March 2010:

- Net finance costs have now been disclosed as two separate items, Finance Cost and Finance Income, in the Consolidated Income Statement.
- Minority interest movements have been excluded from the Consolidated Statement of Comprehensive Income.

Standards adopted during the financial year

The Group has adopted the following standards and intrepretations during the financial year ended 31 December 2009:

IFRS 7 Financial Instruments Disclosure

The amendments require additional disclosures for financial instruments that are measured at fair value in the Statement of Financial Position. A separate quantitative maturity analysis must be presented for the derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

IAS 1 Presentation of Financial Statements

Changes in this Standard required a number of terminology changes. The term "equity holders" has been replaced by "owners". Owners are classified as "holders of instruments classified as equity". All changes in equity arising from transactions with owners in their capacity as holders of equity instruments are termed "owner changes in equity".

The following terminology changes have been applied:

- "Statement of Financial Position" replace the heading "Balance Sheet"
- "Consolidated Cash Flow Statement" replace "Cash Flow Statement" and;
- "Statement of Comprehensive Income" replace "Statement of Recognised Income and Expenditure"

The Group has adopted the option to include two statements: an "Income Statement" and a "Statement of Comprehensive Income". Changes in equity arising from transactions with owners are excluded from the Statement of Comprehensive Income and have been included in a "Statement of Changes in Equity".

IFRS 8 Operating Segments

This IFRS contains requirements for additional disclosures on operating segments and replaces IAS 14 Segemental Reporting. The standard is concerned with disclosure only and will not have an impact on measurement in the Group Financial Statements. The application of the standard has however led to the segregation of Insulated Panels and Boards Segment into two segments, Insulated Panels and Insulation Boards and elimination of the Offsite and Structural segments.

IAS 23 Borrowing Costs (revised)

The standard requires the capitalisation of borrowing costs to the extent that they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial time to get ready for their intended use or sale. In prior periods, the Group's policy was to immediately expense these borrowing costs. In accordance with the transitional requirements of the revised standard, the Group capitalises borrowing costs relating to qualifying assets, if any, for which commencement date for capitalisation was on or after the effective date, being 1 January 2009. No retrospective restatement has been made for borrowing costs that have been expensed for qualifying assets with a commencement date before the effective date. For the impact in 2009, refer to note 8.

IFRIC 11 IFRS 2 Group and Treasury transactions

This Intrepretation requires for share based arrangements accounted for as equity-settled in the Consolidated Financial Statements of the parent, the subsidiary should measure settled share-based payment transactions, with a corresponding increase recognised in equity as contribution from the parent. In turn the parent company should record the granting of the equity-settled share-based transaction to a subsidiary’s employee as further investment in the subsidiary.

Notes to the Financial Statements as at 31 December 2009

1. **BASIS OF COMPLIANCE (cont'd)**

The Interpretation has been applied retrospectively in accordance with IAS 8. The impact was an increase in the investment in the subsidiaries of €1,199,000 in 2009, €2,372,000 in 2008 and for prior years was €11,912,000.

The following standards and interpretations which are effective for the current financial year have been reviewed and deemed to be non applicable:

IFRIC 16	Hedges of Net Investment in a Foreign Operation
IFRS 2	Amendments to IFRS 2 Share-Based Payment: Conditions & Cancellations

IFRSs and IFRIC Interpretations which are not yet effective
At the date of authorisation of these financial statements, certain new Standards, amendments and Interpretations of existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are expected to be relevant to the Group's Financial Statements and their likely impact are as follows:

IFRS 3 Business Combinations (Revised 2008) (effective from 1 July 2009)
The main changes required under this standard are:

- non controlling interests in the acquiree can be measured either at fair value or the proportionate interest in the identifiable net assets. If fair value is used the effect is that 100% of the goodwill of the acquiree is recognised even if the parent's interest in the acquiree is less than 100%.
- contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangment gives rise to a financial liability, any subsequent changes are recorded in the Consolidated Income Statement.
- costs of the combination are recorded in the Consolidated Income Statement.

This standard is applicable of reporting periods beginning on or after 1 July 2009 and will be applied prospectively. It will have an impact on future Consolidated Income Statements due to the requirement to expense acquisition costs.

IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2009)
The changes effected by the new version of this Standard are that:

- transactions with non controlling interests in which control is not gained or lost are accounted for as equity transactions. No income statement gain or loss is recorded and no adjustment is made to goodwill.
- on loss of control of a subsidiary, any retained investment is recognised at its fair value at the date control is lost. This fair value is included in the calculation of the gain or loss.

Management do not expect the impact of the changes in this Standard to be material.

2. **BASIS OF PREPARATION**

The Consolidated and Company Financial Statements, which are presented in euro rounded to the nearest thousand except Note 6, have been prepared under the historical cost convention, as modified by the measurement at fair value of share based payments at initial date of award and derivative financial instruments.

The accounting policies set out below have been applied consistently by all the Group's companies in the periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant in relation to the consolidated financial statements, relate primarily to accounting for defined benefit pension schemes, share based payments, guarantees and warranties, impairment and deferred consideration (Note 5).

The financial year-ends of the Group's subsidiaries are coterminous.

3. **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 venture drawn up to 31 December each year.

Subsidiaries
Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 respectively.

Notes to the Financial Statements as at 31 December 2009

3. BASIS OF CONSOLIDATION (cont'd)

Joint ventures

In line with the benchmark accounting methodology in 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 finalised 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 exchange rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Consolidated Financial Statements are expressed in Euro which is the presentation currency of the Group and the functional currency of the Company. Results and cash flows of foreign subsidiary undertakings have been translated into Euro at the average exchange rates, and the related statements of financial postion have been translated at the rates of exchange ruling at the reporting date. The average rate is a reasonable approximation of the actual rate.

Exchange rates applied for material entities used were as follows:

	Average rate		Closing Rate	
	2009	2008	**2009**	2008
Euro =				
Pound Sterling	**0.892**	0.796	**0.890**	0.951
US Dollar	**1.395**	1.471	**1.433**	1.381
Canadian Dollar	**1.587**	1.560	**1.510**	1.750
Australian Dollar	**1.776**	1.743	**1.600**	2.050
Czech Koruna	**26.478**	24.990	**26.000**	26.550
Polish Zloty	**4.337**	3.523	**4.100**	4.120
Hungarian Forint	**281.151**	252.430	**270.000**	265.000

4. SIGNIFICANT ACCOUNTING POLICIES

Business combinations

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries and joint ventures by the Group.

The cost of 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 together with any directly attributable expenses. 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 cost of the combination contingent on future events, the amount of the adjustment is included in the cost at the acquisition date if the adjustment is probable and can be reliably measured. Contingent consideration is included in the acquisition Statement of Financial Position on a discounted basis.

In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilties and contingent liabilities are determined at the date of each exchange transaction.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provision values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date.

The interest of minority shareholders is initially stated at the minority's proportion of the fair values of the assets and liabilities recognised; goodwill is not allocated to the minority interest. After the date of combination, the minority is allocated its share of changes in equity. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Goodwill

Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilites and contingent liabilites 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.

Notes to the Financial Statements as at 31 December 2009

4. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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 has not been reconsidered in preparing the opening IFRS Statement of Financial Position as at 1 January 2004, and goodwill amortisation has been ceased with effect from the transition date.

Goodwill on acquisition is 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.

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 at which goodwill is monitored for internal management purposes and these units are not larger than the reporting segments determined in accordance with IFRS 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, 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.

Intangible Assets (other than goodwill)
Intangible assets acquired separately are capitalised at cost. Intangible assets acquired from a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the intangible asset is carried at its cost (if acquired separately) / fair value (through a business combination) less any accumulated amortisation and accumulated impairment losses. Amortisation is charged on assets with finite lives and this expense is taken to the income statement where it is included as an operating cost.

The amortisation rates generally applied are:

Trademark & Brands	2-10 years on a straight line basis
Technological know how	5-10 years on a straight line basis
Patents	8 years on a straight line basis

Intangible assets, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

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

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other 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 fair value less costs to sell. To determine the recoverable amount, management estimates expected furture 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 is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Impairment losses, if applicable, are included within the operating costs line of the Consolidated Income Statement.

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contingent deferred consideration
Contingent deferred consideration relating to acquisitions represents the liability associated with a performance related target as evaluated by management, taking into account the tems of the earn out.

Any revision in deferred consideration provision is accounted for by an adjustment to the carrying value of goodwill.

Segment Reporting
The Group's accounting policy for identifying segments is now based on internal management reporting information that is routinely reviewed by the Chief Operating Decision Maker. The measurement policies used for segment reporting under IFRS 8 are the same as those used in the Consolidated Financial Statements. Refer to note 6 of the Financial Statements for further information about the Group's segment reporting accounting policy under IFRS 8.

Inventories
Inventories are stated at the lower of cost and net realisable value. In the case of raw materials, cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis. For work in progress and finished goods, cost consists of direct materials, direct labour and directly attributable production overheads.

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

Income Taxes
The tax expense recognised in the Consolidated Income Statement comprises the sum of current income tax and deferred tax not recognised directly in equity.

Current tax:
Current income tax assets and/or liabilities comprise of 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 provided on the basis of the Statement of Financial Position liability method on all temporary differences at the Consolidated Statement of Financial Position date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated 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 Consolidated Statement of Financial Position 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) with the exception of the following:

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not materialise in the forseeable future.

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 following exceptions apply in this instance:

- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the forseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are subject to review at each Statement of Financial Position 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.

Where items are accounted for directly through equity (for example, actuarial gains and losses on defined benefit pension schemes), the related income tax is charged or credited to equity. In all other circumstances, income tax is recognised in the Consolidated Income Statement.

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Grants

Capital grants received in respect of the purchase of tangible assets are treated as a reduction in the purchase price of the tangible asset.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost or deemed cost less accumulated depreciation and any impairment in value. 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 future economic benefits are expected to arise from the continued use of the asset. 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, are depreciated at appropriate rates in order to write them off over their expected useful life. The depreciation rates generally applied are:

Freehold buildings	2% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer hardware and software	25% to 33% on cost
Motor vehicles	20% to 25% on cost
Leased assets	10% to 25% on cost
Leasehold property improvements	Over the period of the lease

Useful lives and residual values are re-assessed annually.

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of the carrrying amount and the fair value less disposal costs. Non-current assets are classified as held for sale if their carrying amounts will be recovered 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 are not depreciated.

Leasing

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, and hire purchase contracts are capitalised in the Consolidated Statement of Financial Position and are depreciated over their useful lives with any impairment being recognised in accumulated depreciation. 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. The capital elements of future obligations under leases and hire purchase contracts are included in liabilities in the Consolidated Statement of Financial Position and analysed between current and noncurrent amounts. The interest elements of the rental obligations 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 methodology.

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

Obligations to the defined contribution pension plans are recognised as an expense in the income statement as service is received from the relevant employees. The Group has no obligations to make further contributions to these schemes. The Group operates a number of defined benefit pension schemes which require contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. The discount rate employed in determining the present value of the schemes' liabilities 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 net surplus or deficit (net of deferred tax) arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the Consolidated Statement of Financial Position. The Group recognises post transition date actuarial gains and losses immediately in the Consolidated Statement of Comprehensive Income.

Any increase in the present value of plans' liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on the plans' assets and the expected increase during the period in the present value of the plans' liabilities arising are included in finance income and expense respectively.

When the benefits of a defined benefit plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement over the remaining average period until the benefits vest. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Foreign currency translation

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 Statement of Financial Position 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 which do not have the Euro as their functional currency are translated into Euro at average exchange rates for the year and the related Statement of Financial Positions are translated at the rates of exchange ruling at the Statement of Financial Position date. Average rates are a reasonable approximation to actual rates. Adjustments 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 dealt with in a separate translation reserve within equity.

Dividends

Final Dividend on Ordinary Shares will be recognised in the Consolidated Financial Statements as a charge once they have been approved.

Hedging

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 equity 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 equity and is recognised in accordance with the above policy when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

Cash and cash equivalents

Cash and cash equivalents mainly comprise cash on hand, 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 hedging instruments are divided into the following categories:

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

Trade and other receivables are stated at cost, which approximates fair value given the short-dated nature of these assets and liabilties. 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 Statement of Financial Position date or when objective evidence is received that a specific counterparty will default.

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Gains or losses on investments held at fair value through profit and loss are recognised directly in the 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 rerecognition. 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, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does not transfer control of that 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.

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

Revenue recognition

Revenue comprises the total amount receivable by the Group in the ordinary course of business with outside customers for goods and services supplied, exclusive of trade discounts and value added tax.

In general, revenue is recognised to the extent that it is subject to reliable measurement, that it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership have passed to the customer, whether that be at point of delivery or collection.

Research and Development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is 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 financial instruments.

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 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.

Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of a 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".

Credit insurance recoveries

Recoveries under the Group's credit insurance policy are accounted for on a receipts basis only.

Notes to the Financial Statements as at 31 December 2009

5. SIGNIFICANT JUDGMENTS AND ESTIMATION UNCERTAINTY

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

Impairment (Note 13)
The Group is required to review non financial assets for objective evidence of impairment.

In accordance with IFRS the Group has performed impairment reviews on those cash generating units which have a carrying value of goodwill or intangible assets with indefinite useful life. The key assumptions associated with these reviews are detailed in note 13.

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.

Guarantees & warranties (Note 25)
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. The benefit of any insurance cover and any relevant guarantees from suppliers of inputs to the Group are accounted for once the relevant recognition criteria are met.

These provisions are reviewed on a regular basis by members of the Group executive and the overall warranty performance and required provisions are incorporated into the Group board papers.

Defined benefit pension scheme (Note 39)
The Group has a number of legacy defined benefit pension schemes which, whilst closed to new entrants and further accrued service, are required to be valued. The Group use 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 7)
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 cost of each option grant, and the key assumptions are set out in note 7.

Contingent deferred consideration (Note 23)
The Group is required to judge the probable liability relating to post completion performance related payments to vendors under the terms of the relevant acquisition sale and purchase agreement. Unless disclosed in the relevant note, management do not believe that any of the estimates used in the calculation of the provisions are so sensitive as to represent a significant risk of a material adjustment.

6. SEGMENT REPORTING

In identifying the 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.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. The requirements of IFRS 8 are applied retrospectively and comparative figures have been restated to reflect the segments identified.

Operating segments
The Group operates in the following four business 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 & Renewables	Manufacture of environmental, pollution control and renewable energy solutions.
Access Floors	Manufacture of raised access floors.

Notes to the Financial Statements as at 31 December 2009

6. SEGMENT REPORTING (cont'd)

Analysis by class of business

Segment Revenue	Insulated Panels €mn	Insulation Boards €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL €mn
Total Revenue - 2009	593.9	215.3	168.7	147.6	**1,125.5**
Total Revenue - 2008	862.1	345.2	266.7	198.7	1,672.7

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

Segment Result (profit before finance costs)

	Insulated Panels €mn	Insulation Boards €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2009 €mn	TOTAL 2008 €mn
Trading profit	26.3	13.5	1.8	25.5	**67.1**	
Intangible amortisation	(2.8)	(0.7)	(0.8)	(0.1)	**(4.4)**	
Operating result - 2009	**23.5**	**12.8**	**1.0**	**25.4**	**62.7**	
Trading profit	110.9	20.3	2.6	27.9		161.7
Intangible amortisation	(2.4)	(0.9)	(1.2)	(0.1)		(4.6)
Non-trading items	(15.5)	(10.4)	(5.6)	-		(31.5)
Goodwill & intangibles impairment	(4.2)	(40.0)	0.6	-		(43.6)
Operating result - 2008	88.8	(31.0)	(3.6)	27.8		82.0
Finance costs (net)					**(6.0)**	(13.9)
Result for the year before tax					**56.7**	68.1
Tax expense, net					**(8.7)**	(24.2)
Minority interest					**(0.3)**	1.0
Net result for the year					**47.7**	45.0

Segment Assets

	Insulated Panels €mn	Insulation Boards €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2009 €mn	TOTAL 2008 €mn
Assets - 2009	494.8	247.7	182.7	118.3	**1,043.5**	
Assets - 2008	591.4	251.4	183.1	136.4		1,162.3
Cash and cash equivalents					**83.9**	75.3
Deferred tax asset					**3.0**	1.2
Total Assets as reported in Consolidated Statement of Financial Position					**1,130.4**	1,238.8

Notes to the Financial Statements as at 31 December 2009

6. SEGMENT REPORTING (cont'd)

Segment Liabilities

	Insulated Panels €mn	Insulation Boards €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2009 €mn	TOTAL 2008 €mn
Liabilities - 2009	(123.0)	(48.8)	(65.4)	(24.8)	**(262.0)**	
Liabilities - 2008	(156.8)	(73.3)	(40.0)	(26.0)		(296.1)
Financial liabilities (current and non-current)					**(233.0)**	(362.1)
Contingent deferred consideration (current and non-current)					**(3.3)**	(12.8)
Income tax liabilities (current and deferred)					**(46.5)**	(48.8)
Total liabilities as reported in Consolidated Statement of Financial Position					**(544.8)**	(719.8)

Other Segment Information

Segment Revenue	Insulated Panels €mn	Insulation Boards €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL €mn
Capital Investment - 2009	12.0	24.5	9.4	0.9	**46.8**
Capital Investment - 2008	162.6	(38.0)	9.4	3.6	137.6
Depreciation included in segment result - 2009	(19.3)	(8.4)	(5.2)	(2.9)	**(35.8)**
Depreciation included in segment result - 2008	(20.2)	(11.2)	(6.2)	(3.0)	(40.6)
Amortisation & intangibles impairment included in segment result - 2009	(2.8)	(0.7)	(0.8)	(0.1)	**(4.4)**
Amortisation & intangibles impairment included in segment result - 2008	(6.7)	(40.8)	(0.6)	(0.1)	(48.2)
Non-cash items included in segment result - 2009	(2.8)	2.9	0.6	-	**0.7**
Non-cash items included in segment result - 2008	(0.4)	-	0.6	-	0.2

Analysis of Segmental Data by Geography

	Republic of Ireland €mn	United Kingdom €mn	Rest of Europe €mn	Americas €mn	Others €mn	TOTAL €mn
Income Statement Items						
Revenue - 2009	78.1	503.3	310.9	192.7	40.5	**1,125.5**
Revenue - 2008	173.8	826.6	453.1	177.1	42.1	1,672.7
Balance Sheet Items						
Assets - 2009	117.9	468.0	223.2	197.4	37.0	**1,043.5**
Assets - 2008	128.1	549.8	246.6	218.4	19.5	1,162.3
Other segmental information						
Capital Investment - 2009	3.6	12.9	16.5	5.0	8.8	**46.8**
Capital Investment - 2008	(22.2)	30.3	46.0	76.9	6.6	137.6

Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES

a) Employee Numbers

The average number of persons employed by the Group in the financial year was:

	2009	2008
Production	3,183	4,450
Sales and distribution	937	1,156
Management and administration	929	1,086
	5,049	6,692

At year end, the total numbers employed by the Group were 4,758 (2008: 5,340).

b) Employee Costs

The staff costs were:	2009 €'000	2008 €'000
Wages and salaries	167,066	222,223
Social welfare costs	18,284	21,548
Pension contributions - defined contribution	6,271	7,633
Pension contributions - defined benefit (Note 39)	103	(367)
Share based payments	2,800	2,372
	194,524	253,409

c) Employee Share Based Compensation

As at 31 December 2009 the Group maintained three share-based payment schemes for employee compensation.

The first arrangement, the Long-Term Incentive Plan, is part of the remuneration package of Kingspan's executive directors and senior executives.

The second arrangement, the Standard Share Option Scheme, is part of the remuneration package of Kingspan's key personnel.

The third arrangement, the Performance Share Plan, is a new scheme which will replace the Standard Share Option Scheme which has now expired.

Further details of all schemes are outlined in the Report of the Remuneration Committee.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2009 Number of options	2009 Weighted average exercise price €	2008 Number of options	2008 Weighted average exercise price €
Outstanding at 1 January	7,860,391	10.11	7,557,471	10.15
Granted LTIP	-	-	257,000	0.13
Granted SSOS	-	-	1,267,566	8.01
Granted PSP	1,718,148	0.13	-	-
Cancelled LTIP	(77,731)	0.13	-	-
Cancelled SSOS	(211,080)	12.35	(353,543)	13.41
Cancelled PSP	-	-	-	-
Exercised LTIP	-	-	(168,103)	-
Exercised SSOS	(234,000)	2.93	(700,000)	3.68
Exercised PSP	-	-	-	0.13
Outstanding at 31 December	9,055,728	8.43	7,860,391	10.11

The weighted average share price at date of exercise of options during the year was €4.67.

Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES (cont'd)

Earliest exercise date		2009 Number of options	2009 Weighted average exercise price €	2009 Weighted average remaining contractual life
2010 Option range				
LTIP	€0.13	**198,661**	**0.13**	**3.65**
SSOS	€1.35 - €2.95	**240,900**	**1.97**	**2.11**
	€3.10 - €5.65	**1,646,210**	**5.21**	**4.67**
	€9.35 - €10.90	**933,302**	**10.65**	**5.72**
	€12.26 - €14.18	**1,117,383**	**14.09**	**6.77**
	€17.82 - €21.20	**1,728,558**	**18.28**	**7.76**
		5,865,014	**11.31**	**6.01**
2011 Option range				
LTIP	€0.13	**257,000**	**0.13**	**5.2**
SSOS	€7.99 - €8.10	**1,215,566**	**8.01**	**8.3**
		1,472,566	**6.63**	**7.7**
2012 Option range				
PSP	€0.13	**1,718,148**	**0.13**	**9.3**

Earliest exercise date		2008 Number of options	2008 Weighted average exercise price €
2009 Option range			
LTIP	€0.13	142,831	0.13
SSOS	€1.35 - €2.95	360,900	2.04
	€3.10 - €5.65	1,800,210	5.10
	€9.35 - €10.90	964,704	10.66
	€12.26 - €14.18	1,141,202	14.09
		4,409,847	8.23
2010 Option range			
LTIP	€0.13	133,561	0.13
SSOS	€17.82 - €21.20	1,813,417	18.27
		1,946,978	17.02
2011 Option range			
LTIP	€0.13	257,000	0.13
SSOS	€7.99 - €8.10	1,246,566	8.01
		1,503,566	6.66
		7,860,391	10.11

Of the 2009 options, the following were exercisable at the year end:

		2009 Number of options	2009 Weighted average exercise price €	2009 Weighted average remaining contractual life
LTIP	€0.13	65,100	0.13	2.5
SSOS	€1.35 - €2.95	240,900	1.97	2.1
	€3.10 - €5.65	1,646,210	5.21	4.7
	€9.35 - €10.90	933,302	10.65	5.7
	€12.26 - €14.18	1,117,383	14.09	6.8

Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES (cont'd)

The fair value of options granted during the year were determined using the Monte Carlo Pricing Model. The key assumptions used in the model were as follows:

	At a grant date
Share price at grant date	€2.78
Exercise price per share	13.0 cent
Expected volatility	39%
Expected dividend yield	1.50%
Risk-free rate	3.50%
Expected life	3 years

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

The Group recognised an expense of €2,800,000 (2008: expense of €2,372,000) related to equity settled share-based payment transactions in the Consolidated Income Statement during the year. The expectation of meeting performance criteria was taken into account when calculating the expense.

8. FINANCE COST AND FINANCE INCOME

	2009	2008
Finance cost	€'000	€'000
Bank loans	**12,641**	15,796
Hire purchase and finance loans	**6**	37
Net defined benefit pension scheme	**103**	(367)
	12,750	15,466
Finance income		
Interest income	**1,848**	1,556
Fair value movement on derivative financial instrument	**(6,959)**	-
Translation gain on private placement debt	**11,881**	-
	6,770	1,556

Borrowing costs capitalised during the year amounted to €nil (2008: €nil).

9. PROFIT FOR THE YEAR BEFORE TAX

	2009	2008
	€'000	€'000
The result for the year is stated after charging / (crediting):		
Distribution expenses	**54,566**	88,678
Operating lease payments	**2,022**	2,674
Non payroll product development costs	**3,872**	7,095
Depreciation	**36,088**	40,588
Amortisation of intangible assets	**4,396**	4,615
Impairment of goodwill & intangibles	**-**	43,576
Foreign exchange (losses)/gains	**(2,887)**	3,074
Profit on sale of tangible assets	**(702)**	(171)
Non-trading items	-	75,077
Auditors' Remuneration:		
Statutory Audit	**999**	1,104
Services relating to Corporate Finance	**-**	150
Other services relating to tax	**396**	297
All other audit related services	**115**	127

Notes to the Financial Statements as at 31 December 2009

10. DIRECTORS' REMUNERATION

Executive Directors	Basic Salary €'000	Benefit in kind and other allowances[1] €'000	Performance related bonus €'000	Pension contributions[2] €'000	2009 Total €'000	2008 Total €'000
Gene M. Murtagh	635	26	-	95	**756**	756
Dermot Mulvihill[3]	340	24	-	605	**969**	851
Russell Shiels[4]	279	25	220	67	**591**	504
Peter Wilson[4]	247	13	148	52	**460**	344
Noel Crowe	280	16	-	42	**338**	338
Louis Eperjesi[4 & 5]	144	16	-	60	**220**	350
	1,925	120	368	920	**3,334**	3,143
Charge to Consolidated Income Statement re share options					**207**	1,050
					3,541	4,193

Non-executive Directors

	2009 Non-executive fees €'000	2008 Non-executive fees €'000
Eugene Murtagh[6]	**191**	191
Brendan Murtagh	**70**	70
Tony McArdle	**70**	70
David Byrne	**70**	70
Brian Hill	**70**	70
Helen Kirkpatrick	**70**	70
Danny Kitchen[7]	**58**	-
Brian Joyce[8]	**6**	70
Eoin McCarthy[9]	**29**	70
	634	681

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 The Group made a contribution of €1,417,000 during 2009 to the Group's occupational pension plan in respect of Dermot Mulvihill, representing accelerated pension contributions up to the date of his retirement at age 62. The proportion charged to the Consolidated Income Statement in respect of this payment for 2009 is €605,000, and the prepayment for 2010 is €406,000, and for 2011 is €406,000. There are claw back arrangements in place should he retire early.
4 The 2009 salaries and remuneration have been converted to Euro at the following rates USD: 1.3946; STG: 0.8917. Russell Shiels' basic salary was $388,000 (2008: $388,000). Peter Wilson's basic salary was £220,000 (2008: £220,000). Louis Eperjesi's basic salary was £128,333 (2008: £220,000).
5 Louis Eperjesi resigned as an Executive Director on 31 July 2009. On termination of his employment he also received €298,000 as compensation for loss of office.
6 Eugene Murtagh also received a contribution to his personal pension scheme of €143,250.
7 Danny Kitchen was appointed as a Non-executive Director on 1 March 2009.
8 Brian Joyce retired as a non-executive director on 30 January 2009.
9 Eoin McCarthy retired as a non-executive director on 14 May 2009.

Notes to the Financial Statements as at 31 December 2009

10. DIRECTORS' REMUNERATION (cont'd)

Number of Directors at year-end	**2009**	2008
Executive Directors	**5**	6
Non-executive Directors	**7**	8
Total	**12**	14

Average number of Directors during the year	**2009**	2008
Executive Directors	**6**	6
Non-executive Directors	**7**	8
Total	**13**	14

11. INCOME TAX EXPENSE

	2009 €'000 Total	2008 €'000 Total
Current tax expense		
- Irish	**-**	3,335
- Overseas	**14,878**	13,772
Adjustment in respect of prior years*	**(6,308)**	548
	8,570	17,655
Deferred taxation	**142**	6,496
	8,712	24,151

Reconciliation of average effective tax rate to applicable tax rate

Profit before tax	**56,679**	68,134
Tax charge expressed as a percentage of profit before tax:		
- current tax expense only	**15.1%**	25.9%
- total income tax expense (current and deferred)	**15.4%**	35.4%

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

Irish corporation tax rate	**12.5%**	12.5%
Expenses not deductible for taxation purposes	**15.5%**	19.8%
Items not subject to tax	**(13.3%)**	(14.8%)
Manufacturing relief	**-**	(0.6%)
Net effect of differing tax rates	**15.5%**	8.5%
Deferred Tax	**0.3%**	9.5%
Other items	**(15.1%)***	0.5%
Total effective tax rate	**15.4%**	35.4%

Factors that may affect future tax charges and other disclosure requirements
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. The current tax charges will also be impacted by changes in the excess of tax depreciation (capital allowances) over accounting depreciation and the use of tax credits.

**The adjustment in respect of prior years primarily relates to the resolution of outstanding tax matters in overseas jurisdictions.*

Notes to the Financial Statements as at 31 December 2009

12. EARNINGS PER SHARE

The calculations of earnings per share are based on the following:	**2009 €'000**	2008 €'000
Profit attributable to ordinary shareholders	**47,658**	44,990

	Number of shares ('000) 2009	Number of shares ('000) 2008
Weighted average number of ordinary shares for the calculation of basic earnings per share	**166,116**	168,318
Dilutive effect of share options	**2,326**	1,238
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**168,442**	169,556

	2009 €cent	2008 €cent
Basic earnings per share	**28.7**	26.7
Diluted earnings per share	**28.3**	26.5

The number of options which are anti-dilutive and have therefore not been included in the above calculations are 6,729,728.

13. GOODWILL

At 31 December 2009

	€'000
At 1 January	**279,777**
Additions relating to current year acquisitions	**7,175**
Additions relating to prior year acquisitions	**1,094**
Impairment loss recognised	**-**
Net exchange difference	**11,975**
Carrying amount 31 December 2009	**300,021**
Cost	**342,669**
Accumulated impairment losses	**(42,648)**
Net carrying amount	**300,021**

At 31 December 2008

	€'000
At 1 January	303,966
Additions	54,117
Impairment loss recognised	(39,554)
Net exchange difference	(38,752)
Carrying amount 31 December 2008	279,777
Cost	322,425
Accumulated impairment losses	(42,648)
Net carrying amount	279,777

Notes to the Financial Statements as at 31 December 2009

13. GOODWILL (cont'd)

Impairment testing of goodwill

An impairment review is performed annually for each cash-generating unit (CGU) to which a carrying amount of goodwill has been allocated. The cash generating units represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes. This is not larger than the primary and secondary segments determined in accordance with IAS 14 Segment Reporting. A CGU is a reporting sub-segment, generally defined as a core business of the segment and typically reflects the manner in which the Group organises its business and analyses its results for internal reporting purposes.

The recoverable amounts of the CGU's are determined from value-in-use calculations based on the cash flows from the 5 year financial forecasts approved by senior management, with year 1 extracted from budget and years 2-5 from the strategic plan. They include conservative assumptions regarding future organic growth and allow for negative growth in some CGU's in certain years. A terminal value reflecting inflation of 2% (but no other growth) is applied to the year 5 cash flows. 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 industry. The overall before-tax discount rate used for all CGU's is 8.8%. The discount rate has also been subjected to sensitivity analysis for all CGU's.

The key assumptions for these forecasts include management's conservative estimates of revenue growth, future profitability and level of working capital required to support trading. These assumptions are consistent with the prior year. 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 and EBIT margin

+/- 1-2% change in discount rate applied to cashflows

The key sensitivity for the impairment calculation is the growth in sales and EBIT margin. Applying these techniques, no impairment arose in 2009.

A total of 8 cash-generating units have been identified and these are analysed as follows between the four operating segments in the Group:

Insulated Panels	3	*Insulated Panels Western Europe, CEMEI, Panels North America*
Insulation Boards	1	*Insulation*
Environmental & Renewables	2	*Environmental/Europe, HWS/Renewables*
Access Floors	2	*KAF, Access Floors-North America*
Total cash-generating units	8	

No impairment losses were recognised by the Group in 2009 (2008: €42.6mn).

Results of the impairment tests are presented below for all CGU's that represent 20% or more of total goodwill.

The impairment testing carried out on the remaining goodwill in the balance sheet at 31 December 2009 identified significant headroom in the recoverable amount of the related CGU's as compared to their carrying value.

Panels North America

This division represents 24% of the Group's total goodwill as at 31 December 2009 relating to the acquisition of insulated panels companies in the United States and Canada.

Notes to the Financial Statements as at 31 December 2009

13. GOODWILL (cont'd)

	2009	2008
	€'000	€'000
Carrying amount of goodwill allocated to the CGU	**68,893**	62,632
% EBIDTA would need to drop by for an impairment to arise	**51%**	75%

Insulated Panels Western Europe

This division represents 20% of the Group's total goodwill. Goodwill for an equivalent of €60mn related to the acquisition of companies within the Insulated Panels division has been allocated for this impairment test. Following an internal reorganisation during the year, some of the goodwill from the old Offsite CGU has been reallocated to this CGU.

	2009	2008
	€'000	€'000
Carrying amount of goodwill allocated to the CGU	**60,551**	47,669
% EBIDTA would need to drop by for an impairment to arise	**69%**	61%

14. OTHER INTANGIBLE ASSETS

At 31 December 2009

Cost	**Patents**	**Brands**	**Technical Know-how**	**Other Intangibles**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January	5,778	12,121	156	8,658	**26,712**
Additions*	-	-	-	1,260	**1,260**
Net exchange difference	-	295	1	(157)	**139**
At 31 December	**5,778**	**12,416**	**157**	**9,761**	**28,111**
Accumulated amortisation					
At 1 January	(5,702)	(5,372)	(35)	(2,436)	**(13,544)**
Charge for year	(79)	(1,869)	(22)	(2,426)	**(4,396)**
Net exchange difference	3	4	(1)	128	**134**
At 31 December	**(5,778)**	**(7,237)**	**(58)**	**(4,734)**	**(17,806)**
Net book value	**-**	**5,179**	**99**	**5,027**	**10,305**

**Additions include an amount of €1.25mn relating to the acquisition of AIR-CELL Innovations (refer to Note 37).*

Notes to the Financial Statements as at 31 December 2009

14. OTHER INTANGIBLE ASSETS (cont'd)

At 31 December 2008

Cost	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	5,818	16,883	1,211	3,682	27,593
Additions	-	3,265	138	5,066	8,469
Impairment	-	(7,065)	(1,188)	-	(8,253)
Net exchange difference	(40)	(962)	(5)	(90)	(1,097)
At 31 December	5,778	12,121	156	8,658	26,712
Accumulated amortisation					
At 1 January	(5,319)	(6,213)	(326)	(1,572)	(13,429)
Charge for year	(423)	(3,092)	(159)	(941)	(4,615)
Impairment	-	3,785	446	-	4,231
Net exchange difference	40	148	4	77	269
At 31 December	(5,702)	(5,372)	(35)	(2,436)	(13,544)
Net book value	76	6,748	121	6,222	13,168

15. 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.

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 as follows:

	2009 €'000	2008 €'000
Non-current assets	**6,319**	6,547
Current assets	**5,532**	5,373
	11,851	11,920
Non-current liabilities	**(1,718)**	(76)
Current liabilities	**(5,571)**	(8,780)
	(7,289)	(8,856)
Income	**17,174**	19,766
Expenses	**(14,829)**	(17,506)
Profit for the year before tax	**2,345**	2,260
Income tax expense	**(22)**	(325)
Net profit for the year	**2,323**	1,935

Notes to the Financial Statements as at 31 December 2009

16. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2009

Cost or valuation	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Total €'000
At 1 January	238,593	434,354	11,064	**684,011**
Acquisition of business entities	86	283	41	**410**
Additions	10,169	31,829	1,238	**43,236**
Disposals	(1,860)	(9,549)	(2,178)	**(13,587)**
Impairment	(143)	(8,857)	156	**(8,844)**
Renanalysed as 'held for sale' (Note 20)	(25,014)	-	-	**(25,014)**
Translation adjustment	7,624	14,444	231	**22,299**
At 31 December	229,455	462,504	10,552	**702,511**
Depreciation				
At 1 January	(35,298)	(230,539)	(7,105)	**(272,942)**
Acquisition of business entities	(16)	(6,376)	(28)	**(6,420)**
Charge for year	(5,550)	(28,730)	(1,808)	**(36,088)**
Disposals	1,138	8,678	1,758	**11,574**
Impairment	(89)	2,191	(41)	**2,061**
Reanalysed as 'held for sale' (Note 20)	6,004	-	-	**6,004**
Translation adjustment	(2,714)	(4,501)	504	**(6,711)**
At 31 December	(36,525)	(259,277)	(6,720)	**(302,522)**
Net book value at 31 December 2009	192,930	203,227	3,832	**399,989**

The net book value and depreciation of leased assets included above is split by category as follows:

NBV	2,822,691
Depreciation	521,742

Depreciation is included in the category 'Operating Costs' in the Consolidated Income Statement.

Notes to the Financial Statements as at 31 December 2009

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

At 31 December 2008 Cost or valuation	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Total €'000
At 1 January	231,502	414,315	11,911	657,728
Acquisition of business entities	19,684	28,438	-	48,122
Additions	26,357	73,733	2,869	102,959
Disposals	(5,925)	(25,246)	(2,179)	(33,350)
Translation adjustment	(33,025)	(56,886)	(1,537)	(91,448)
At 31 December	238,593	434,354	11,064	684,011
Depreciation				
At 1 January	(31,795)	(220,758)	(6,487)	(259,040)
Acquisition of business entities	(3,930)	(28,173)	(297)	(32,400)
Charge for year	(11,399)	(27,079)	(2,110)	(40,588)
Disposals	6,406	11,211	1,408	19,025
Translation adjustment	5,420	34,260	381	40,061
At 31 December	(35,298)	(230,539)	(7,105)	(272,942)
Net book value at 31 December 2008	203,294	203,815	3,958	411,068

The net book value and depreciation of leased assets included above is split by category as follows:

NBV	2,493,115
Depreciation charge	82,606

Included within the cost of plant and machinery are assets in the course of construction to the value of €21,278,160 (2008: €46,205,508). 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 €1,591,257 (2008: €34,281,150). These assets have not yet been depreciated.

Depreciation is included in the category 'Operating Costs' in the Consolidated Income Statement.

17. FINANCIAL ASSETS & INVESTMENTS IN SUBSIDIARIES

	GROUP	
	2009 €'000	2008 €'000
Long term financial assets:		
Unlisted investments (at cost)	**10**	210
	10	210

All of the above investments have been designated as assets available for sale.

	COMPANY	
	2009 €'000	Restated 2008 €'000
Investment in Subsidiaries:		
Shares in subsidiaries at cost - unlisted:		
At 1 January (as previously reported)	**-**	25,070
Prior year adjustment	**-**	2,373
Adjusted balance	**26,943**	27,443
Disposals	**(9,684)**	(500)
Additions	**1,060,200**	-
At 31 December	**1,077,459**	26,943

Notes to the Financial Statements as at 31 December 2009

18. INVENTORIES

	2009	2008
	€'000	€'000
Raw materials and consumables	**94,750**	130,649
Work in progress	**1,572**	2,824
Finished goods	**36,921**	44,695
Inventory provision	**(22,422)**	(19,052)
	110,821	159,116

A total of €598.5mn of inventories was included in the Consolidated Income Statement as an expense (2008: €963.5mn). This includes an amount of €3.4mn (2008: €14mn) resulting from the write down of inventories.

None of the above carrying amounts have been pledged as security for liabilities entered into by the Group.

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade receivables	**181,071**	266,491	**-**	-
Other receivables	**11,846**	17,151	**-**	-
Prepayments	**10,588**	15,547	**-**	2
Amounts due from subsidiaries	**-**	-	**263,652**	60,738
	203,505	299,189	**263,652**	60,740

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of €23,096,000 (2008: €19,095,520) has been recorded accordingly. The movement on the provision is analysed as follows:

	2009	2008
	€'000	€'000
At 1 January	**19,096**	13,389
Translation adjustment	**1,000**	(3,315)
Arising on acquisition	**-**	1,636
Provided during the year	**10,375**	10,131
Written off during the year	**(8,000)**	(2,862)
Recovered during the year	**625**	117
At 31 December	**23,096**	19,096

The concentration of credit risk is limited due to the customer base being large and unrelated. The Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the Financial Statements as at 31 December 2009

19. TRADE AND OTHER RECEIVABLES (cont'd)

The aged analysis of 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:

Within terms and not impaired:

	GROUP	
	2009	2008
	€'000	€'000
Less than 90 days due	**110,089**	154,168
Greater than 90 days due	**4,950**	4,190
	115,039	158,358

	GROUP	
Past due but not impaired		
0 to 60 days	**57,101**	92,776
60+ days	**8,931**	15,357
	66,032	108,133

The carrying amount of receivables whose terms have been negotiated, that would otherwise be past due or impaired is €NIL (2008: €182,984).

The Group has in place a comprehensive credit insurance policy covering trade receivables.

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

20. ASSETS HELD FOR SALE

	GROUP	
	2009	2008
	€'000	€'000
By operating segment:		
Insulated Panels	**1,688**	-
Insulation Boards	**7,840**	-
Environmental and Renewables	**9,482**	-
	19,010	-

In 2009, the Group has classified certain properties as assets held for sale, arising from restructuring activity. The bulk of the properties are located in Ireland and the UK, and the sales are expected to complete during 2010. These assets are held at net book value since the date the decision was made to transfer them to this class of asset.

21. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade payables	**85,228**	128,018	**-**	-
Accruals and deferred income	**91,247**	96,104	**-**	-
Irish income tax and social welfare	**299**	348	**-**	-
Other income tax and social welfare	**6,581**	7,192	**-**	-
Value added tax	**7,716**	4,367	**-**	-
	191,071	236,029	**-**	-

Included in accruals is the derivative financial liability of €388,642 relating to forward contracts. In 2008 a derivative financial asset of €6,658,000 was included in prepayments. The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

Notes to the Financial Statements as at 31 December 2009

22. INTEREST BEARING LOANS AND BORROWINGS

	GROUP	
	2009	2008
	€'000	€'000
Current financial liabilities		
Bank loans and overdrafts		
- secured	**-**	-
- unsecured	**30,482**	14,914
Finance lease and hire purchase obligations	**1,381**	1,943
	31,863	16,857
Non-current financial liabilities		
Bank loans		
- secured	-	-
- unsecured	**201,141**	345,248
	201,141	345,248
Repayment schedule of non-current financial liabilities		
Bank loans repayable:		
- between one and two years	**-**	-
- between two and three years	**-**	3,431
- between three and four years	**59,812**	-
- between four and five years	**-**	190,196
- after more than five years	**141,329**	151,621
	201,141	345,248
Instalment payments		
Loans fully repayable within 5 years		
- not by instalments	**91,674**	201,484
- by instalments	**-**	-
	91,674	201,484
Loans fully repayable in more than 5 years		
- not by instalments	**141,329**	151,621
- by instalments	**-**	-
	141,329	151,621
Interest-bearing loans and borrowings (non-current and current)	**233,004**	362,105

The Group concluded a 5-year €330mn revolving credit facility in September 2008 with a syndicate of 6 domestic and international banks. The facility is subject to industry standard covenants, the principal ones being a minimum EBITDA interest cover of 4 times, a maximum net debt to EBITDA multiple of 3.5 times and minimum net assets of €400mn. These covenants mirror the covenants in the private placement loan notes (except for the minimum net asset requirement) which represents the other part of the Group's core funding facilities.

Notes to the Financial Statements as at 31 December 2009

23. CONTINGENT DEFERRED CONSIDERATION

For each transaction for which contingent 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:

	2009 €'000	2008 €'000
At 1 January	**12,770**	11,101
Translation adjustment	**499**	(1,166)
Arising on current year acquisitions	**1,821**	6,871
Released during year	**(587)**	(1,515)
Amounts paid	**(11,196)**	(2,521)
At 31 December	**3,307**	12,770

Of the amount due at the reporting date, €2,609,000 is due after one year (2008: €7,790,000).

The contingent deferred consideration liability is derived from a review of the acquisition proposal and subsequent budget and rolling 5 year strategic plans, which by their nature are based on a series of assumptions.

The Directors consider that the carrying amount of contingent deferred consideration approximates to its fair value.

24. FINANCIAL RISK MANAGEMENT & 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.

Some of 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 a private placement of $200mn, of which $158mn matures in March 2015 and a further $42mn in March 2017.

In addition the Group has a committed revolving credit facility of €330mn maturing in September 2013, of which c. €57mn was drawn down 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 €400mn.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total c. €65mn are mostly supported by a Group guarantee.

Notes to the Financial Statements as at 31 December 2009

24. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS (cont'd)

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

Non-derivative financial liabilities	Carrying amount 2009 €'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
Bank loans	92,046	92,246	30,552	-	59,942	1,752
Private placement loan notes	139,577	189,370	6,384	6,384	19,152	157,450
Finance lease liabilities	1,381	1,381	1,381	-	-	-
Trade and other payables	191,071	191,071	191,071	-	-	-
Deferred consideration	3,307	3,307	698	2,609	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging						
- outflow	-	533	239	236	58	-
- inflow	-	80	36	35	9	-

Included in the contractual cash flows for the USD$200mn private placement debt are cash flows under the cross currency interest rate swap as follows:

- outflow	-	189,369	6,384	6,384	19,152	157,449
- inflow	-	182,456	7,234	7,234	21,703	146,284

Under the Group's 5-year revolving credit facility, the drawdown periods are either 1, 3 or 6 months. The contractual cashflow above for Bank Loans includes only the interest on the revolver drawings of c. €57mn that will be payable at the next drawdown rollover date (March 2010), as that is the extent of the Group's contractual cashflow obligation at 31 December 2009.

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 balance sheet date, no amount has been included as a contractual cash flow.

Foreign exchange risks
As outlined in the Business Risk Analysis on page 22, there are three types of foreign currency risk to which the Group is exposed, namely Transaction Risk, Translation Risk and Balance Sheet Risk.

Transaction risk arises where operating units have input costs or sales in currencies other than its functional currency. 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. Based on current cashflow projections for the existing businesses to 31 December 2010, it is estimated that the Group is long c. GBP£23mn against EUR. At 31 December 2009 hedges were in place covering c. 45% of this exposure. The Group is short c. USD$12mn against GBP. At 31 December 2009, hedges were in place covering c. 75% of this exposure.

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

Translational risk exists due to the fact that the Group has operations whose functional currency is not the EUR, the Group'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 2009, the impact of changing FX rates versus EUR compared to the average 2008 rates was adverse c. €4mn. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Notes to the Financial Statements as at 31 December 2009

24. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS (cont'd)

Balance sheet risk arises on the annual retranslation at closing FX rates versus EUR of the Group's non EUR denominated investments, primarily GBP and USD. As the bulk of the Group's non EUR investments are GBP denominated, the translation of these investments into EUR at the closing EUR:GPB rate has given rise to a significant exchange adjustment. Across all of the Group's non-EUR currencies this adjustment amounted to €22.3mn (positive) for 2009 and has been taken directly to reserves. To the extent that the Group's external debt is denominated in the same currency as its principal non-EUR investments, the translation of this debt would mitigate the translation adjustment on the net investments. The external debt that is USD denominated acts as a hedge against the translation of the Group's US investments.

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 not have a material impact either on the reported after tax profit, or on equity.

US Dollar Loan Notes
The Group had a private placement of US$158mn fixed interest 10-year bullet repayment loan notes maturing on 29 March 2015 and US$42mn fixed interest 12-year bullet repayment loan notes maturing on 29 March 2017. The Group, being Euro denominated and with mostly Euro cash flows 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 date of these cross currency interest rate swaps is identical to the maturity date of the private placement debt.

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 is recognised in the Consolidated Income Statement (€6.9mn) and the translation gain on the private placement debt is also recognised in the Consolidated Income Statement in accordance with IAS 21 (€11.8mn).

On 26 February 2010, these cross currency interest rate swaps were designated as cash flow hedges under IAS 39 hedge accounting rules thus removing any significant volatility from reported earnings.

Interest Rate Risk
The Group's 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 2009, the Group's private placement debt of €151mn (swapped from USD$200mn) was fixed out to maturity (2015 and 2017) at a weighted average interest rate of 4.15%. Of the Group's remaining external debt, USD$20mn has been fixed for a period to January 2012 at an average rate of 1.675% plus margin.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the financial position date and the periods 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 2009

	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	3.16%	23,969	-	23,969	23,969	-
Bank loans	1.43%	56,808	13,958	42,850	56,808	-
Loan notes	4.15%	139,577	139,577	-	-	139,577
Other loans	9.00%	11,269	-	11,269	11,269	-
		231,623	153,535	78,088	92,046	139,577

Notes to the Financial Statements as at 31 December 2009

24. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS (cont'd)

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	173,336	139,577	33,759
USD	56,808	13,958	42,850
Others	1,479	-	1,479
	231,623	153,535	78,088
Floating/Fixed comparison (on gross debt)			
Weighted average fixed period	5.34		

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would not have a material impact on the reported after tax profit or equity of the Group.

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 balance sheet amount of each financial asset:

	2009 €'000	2008 €'000	2007 €'000
Cash & cash equivalents	**83,886**	75,254	66,626
Trade and other receivables	**203,505**	299,189	386,744
Derivative financial assets	**-**	6,658	1,702

Cash & cash equivalents

On the Group's cash and cash equivalents, counterparty risk is managed by spreading business across a portfolio of relationship banks.

Forward foreign exchange contracts

A loss of €389,000 (2008: €6,658,000 gain) recognised in the cash flow hedge reserve in equity at 31 December 2009 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement will be released to the Consolidated Income Statement at various dates up to 12 months after the balance sheet date. This amount is included within accruals - at 31 December 2008 the corresponding amount was included in prepayments.

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:

	Loans and receivables €'000	Derivates designated as hedging instruments €'000	Other (non IAS 39) €'000	Total €'000
As at 31 December 2009				
Current:				
Trade receivables	181,071	-	-	**181,071**
Other receivables	-	-	11,846	**11,846**
Prepayments	-	-	10,588	**10,588**
Cash and cash equivalents	83,886	-	-	**83,886**
Total for category	264,957	-	22,434	**287,391**
As at 31 December 2008				
Current:				
Trade receivables	266,491	-	-	266,491
Other receivables	-	-	17,151	17,151
Prepayments	-	6,658	8,889	15,547
Cash and cash equivalents	75,254			75,254
Total for category	341,745	6,658	26,040	374,443

Notes to the Financial Statements as at 31 December 2009

24. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS (cont'd)

The carrying amounts of financial assets presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

	Designated at fair value through profit or loss €'000	Financial liabilities measured at amortised cost €'000	Derivatives designated as hedging instruments €'000	Other (non IAS 39) €'000	Total €'000
As at 31 December 2009					
Current:					
Borrowings	-	31,863	-	-	31,863
Trade payables	-	-	-	85,228	85,228
Accruals and deferred income	-	-	389	90,858	91,247
Derivative financial instrument	917	-	-	-	917
Total for category	917	31,863	389	176,086	209,255
Non current:					
Borrowings	-	201,141	-	-	201,141
Derivative financial instrument	6,042	-	-	-	6,042
Total for category	6,042	204,141	-	-	207,183
As at 31 December 2008					
Current:					
Borrowings	-	16,857	-	-	16,857
Trade payables	-	-	-	128,018	128,018
Accruals and deferred income	-	-	-	96,104	96,104
Total for category	-	16,857	-	224,122	240,979
Non current:					
Borrowings	-	345,249	-	-	345,249
Total for category	-	345,249	-	-	345,249

Fair value hierarchy

The Group adopted the amendments to IFRS 7 Improving disclosure about financial statements effective from 1 January 2009. These improvements require the Group to present certain information about financial instruments measured at fair value in the statement of financial position. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosures for the fair value hierarchy is only presented for the 31 December 2009 year end.

Both forward contracts and the derivative financial instrument relating to the private placement loan fall within level 2 of the fair value hierarchy.

25. PROVISIONS FOR LIABILITIES

	At 1 January €'000	Acquisitions €'000	Provided during year €'000	Claims paid €'000	Provisions released €'000	Translation adjustment €'000	At 31 December €'000
Guarantees and warranties							
2009	**56,467**	**201**	**22,165**	**(18,662)**	**(3,660)**	**2,548**	**59,059**
2008	54,670	1,886	30,060	(17,722)	(3,409)	(9,018)	56,467

Of the closing provisions at 31 December 2009, €39.2mn relates to specific provisions (2008: €37.9mn) and €19.8mn relates to risk based provisions (2008: €18.5mn).

Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers. Specific provisions have been made where there are known claims and the estimated cost of rectifying these claims has been provided. The risk based provision relates to unexpired warranties where no claim has yet been received but based on quality control evaluations and past history of claims, it is probable that a claim will be received. The provision is based on the run rate at the estimated cost of settling the claim.

Both the number of claims (in the case of the risk based provision) and the cost of settling the claim are sensitive to change but not too such an extent as would cause a material change in the year end provision.

Notes to the Financial Statements as at 31 December 2009

26. DEFERRED TAX ASSETS AND LIABILITIES

Recognised 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	
	2009	2008	**2009**	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Property, plant and equipment	**(698)**	(766)	**(16,559)**	(16,854)	**(17,257)**	(17,620)
Other timing differences	**2,938**	1,994	**706**	1,185	**3,644**	3,179
Pension obligations	**-**	-	**33**	1,109	**33**	1,109
Unused tax losses	**710**	-	**838**	56	**1,548**	56
	2,950	1,228	**(14,982)**	(14,504)	**(12,032)**	(13,276)

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. There was no unrecognised deferred tax asset or liability at 31 December 2009 (2008: €Nil).

The movement in the net deferred tax position for 2009 is as follows:

	At 1 Jan	Recognised in Income	Recognised in Equity	Translation adjustment	Arising on acquisitions	Transfer to DB Pension Liability	At 31 Dec
Property, plant and equipment	(17,620)	(276)	-	(1,390)	2,028	-	**(17,257)**
Other timing differences	3,179	(1,255)	-	1,022	698	-	**3,644**
Pension obligations	1,109	(41)	1,106	(714)	-	(1,426)	**33**
Unused tax loses	56	1,430	-	62	-	-	**1,548**
	(13,276)	(142)	1,106	(1,020)	2,726	(1,426)	**(12,032)**

The movement in the net deferred tax position for 2008 is as follows:

	At 1 Jan	Recognised in Income	Recognised in Equity	Translation adjustment	Arising on acquisitions	Transfer to DB Pension Liability	At 31 Dec
Property, plant and equipment	(16,082)	(7,007)	-	5,469	-	-	**(17,620)**
Other timing differences	3,379	574	-	30	(804)	-	**3,179**
Pension obligations	2,100	(47)	452	(1,395)	-	-	**1,109**
Unused tax loses	71	(16)	-	-	-	-	**56**
	(10,532)	(6,496)	452	4,104	(804)	-	**(13,276)**

27. SHARE CAPITAL

	2009	2008
	€'000	€'000
Authorised		
220,000,000 Ordinary shares of €0.13 each (2008: 220,000,000 shares)	**28,600**	28,600
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 171,269,951 shares	**22,265**	22,146
Share options exercised - 234,000 shares	**31**	119
Closing balance - 171,503,951 shares	**22,296**	22,265

At 31 December 2009, the Group held 5,237,017 (2008: 5,237,017) Treasury Shares in the Company.

28. SHARE PREMIUM ACCOUNT

	2009	2008
	€'000	€'000
At 1 January	**35,751**	31,917
Employee share based compensation released on exercise (Note 32)	**81**	1,260
Premium on shares issued	**654**	2,574
At 31 December	**36,486**	35,751

Notes to the Financial Statements as at 31 December 2009

29. OTHER RESERVES

	GROUP 2009 €'000	GROUP 2008 €'000	COMPANY 2009 €'000	COMPANY 2008 €'000
At 1 January	**(194,036)**	(67,568)	**-**	-
Exchange adjustments	**22,341**	(131,424)	**-**	-
Cash flow hedging in equity				
- current year	**(389)**	6,658	**-**	-
- reclassification to profit and loss	**(6,658)**	(1,702)		
At 31 December	**(178,742)**	(194,036)	**-**	-

Other reserves is analysed as follows at the year end:

	2009	2008
Translation adjustment	**(178,136)**	(200,477)
Cash flow hedging adjustment	**(606)**	6,441
	(178,742)	(194,036)

30. REVALUATION RESERVE

	2009 €'000	2008 €'000
At beginning and end of year	**713**	713

31. CAPITAL REDEMPTION RESERVE

	2009 €'000	2008 €'000
At beginning and end of year	**723**	723

The capital redemption reserve arose on the cancellation of own shares in 2003 and the redemption of treasury shares in 2007.

32. RETAINED EARNINGS

	GROUP 2009 €'000	GROUP 2008 €'000	COMPANY 2009 €'000	COMPANY Restated 2008 €'000
At 1 January (as previously reported)	**651,841**	681,755	**28,943**	30,674
Prior year adjustment	**-**	-	**-**	13,110
Adjusted balance	**651,841**	681,755	**28,943**	43,784
Retained profit for the year	**47,658**	44,990	**1,251,545***	58,875
Defined benefit pension scheme	**(3,951)**	(1,640)	**-**	-
Income tax relating to items charged or credited to equity	**1,106**	452	**-**	-
Employee share based compensation	**2,800**	2,372	**1,199**	2,372
Employee share based compensation released on exercise	**(81)**	(1,260)	**(81)**	(1,260)
Share buyback	**-**	(32,565)	**-**	(32,565)
Dividends	**-**	(42,262)	**-**	(42,262)
At 31 December	**699,373**	651,841	**1,281,606**	28,944

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 in retained profit for the year is a profit on disposal of €1,049,317,547 realised on an internal reorganisation under which the Company transferred its shareholding in certain subsidiary companies to another Irish Group company.*

Notes to the Financial Statements as at 31 December 2009

33. DIVIDENDS

Dividends on Ordinary Shares are recognised in the Group's financial statements once approved by the Board.

There was no Final Dividend on Ordinary Shares for the year ended 31 December 2008. There was no Interim Dividend on Ordinary Shares for the year ended 31 December 2009.

There is no Final Dividend on Ordinary Shares being proposed for the year ended 31 December 2009.

DIVIDENDS

Ordinary dividends

		2009 €'000	2008 €'000
Paid:	2008 Final dividend nil (2007: 17.0c per share)	-	28,984
	2009 Interim dividend nil (2008: 8.0c per share)	-	13,278
		-	42,262

34. MINORITY INTEREST

	2009 €'000	2008 €'000
At 1 January	1,825	3,230
Capital injection by minority shareholder	4,000	(39)
Transfer to goodwill on acquisition of remaining balance of subsidiary	(1,447)	-
Dividends paid to minorities	(340)	(71)
Profit and loss account	309	(1,007)
Translation adjustment	339	(288)
At 31 December	4,686	1,825

35. CASH FLOW STATEMENT

The following non-cash adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	2009 €'000	2008 €'000
Depreciation, amortisation and impairment charges of fixed and intangible assets	40,178	88,876
Employee equity-settled share options	2,800	2,372
Net finance cost	5,980	13,910
Non cash items	2,711	2,705
Profit on sale of tangible assets	(702)	(171)
Total	50,967	107,692

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

	2009 €'000	2008 €'000
(Decrease)/increase in cash and bank overdrafts	(16,093)	21,352
Decrease/(increase) in debt, lease finance and contingent deferred consideration	151,252	(80,706)
Change in net debt resulting from cash flows	135,159	(59,354)
Loans and lease finance acquired with subsidiaries	(388)	(2,684)
Contingent deferred consideration arising on acquisitions in the period	(1,235)	(5,356)
Translation movement - relating to US dollar loan	11,881	-
Translation movement - other	1,780	(7,259)
Derivative financial instrument	(6,959)	-
Net movement	140,238	(74,653)
Net debt at start of the year	(299,622)	(224,969)
Net debt at end of the year	(159,384)	(299,622)

Notes to the Financial Statements as at 31 December 2009

37. ACQUISITIONS

(a) AIR-CELL Innovations
The Group completed one acquisition in the year, when it purchased 100% of the shares of the AIR-CELL Innovations, an Australian based distributor of insulation foil products. The consideration for the acquisition was cash.

A summary of the effect of the AIR-CELL Innovations acquisition during the year is as follows:

	Book value at acquisition €'000	Fair value adjustments €'000	Fair value to the Group €'000
Property, plant and equipment	385	(222)	**163**
Goodwill	2,063	(2,063)	**-**
Intangibles	1,099	(1,099)	**-**
Inventories	382	-	**382**
Financial assets	704	(704)	**-**
Trade and other receivables	3,134	-	**3,134**
Taxation	(624)	-	**(624)**
Cash and cash equivalents	205	-	**205**
Trade and other liabilities	(2,549)	(210)	**(2,759)**
Other	63	-	**63**
Interest bearing loans and borrowings	(388)	-	**(388)**
Other intangible assets	-	1,250	**1,250**
Total net assets acquired	4,474	(3,048)	**1,426**

Effects of revisions of fair values above	
Goodwill	**7,175**
Consideration	**8,601**

	2009 €'000
Satisfied by:	
Consideration paid (including acquisition costs)	**6,780**
Contingent deferred consideration	**1,821**
	8,601

The fair value of the assets acquired has been provisionally determined as at 31 December 2009 and may be subject to change as the Group has yet to finally determine the fair value attributed to all of the assets and liabilities acquired.

Any amendments to these fair values made during the subsequent reporting window (within the twelve month timeframe from the acquisition date imposed by IFRS 3) will be subject to disclosure in the 2010 Annual Report.

The revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition dates for AIR-CELL Innovations effected during the year had been the beginning of that year would be as follows:

Revenue €'000	Operating Profit €'000
15,217	1,612

The goodwill arising on this acquisition relates primarily to access to new markets, while the intangible assets recognised mainly refer to customer relationships.

(b) Prior year acquisitions
Adjustments made to goodwill in 2009 in respect of the prior year acquisitions in 2008 are as follows:

	€'000
Fair value adjustments	1,660
Costs incurred	21
Release of contingent deferred consideration	(1,011)
Additional contingent deferred consideration recognised	424
	1,094

The fair value adjustments relate to corrections in respect of preliminary assessments of acquisitions in the prior year.

Notes to the Financial Statements as at 31 December 2009

38. 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 €4,027,315 (2008: €1,304,322).

(ii) Guarantees and contingencies

The private placement notes ($200mn) and the revolving credit facility (€330mn of which c. €57mn was drawn 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.

Tate Access Floors Inc., self-insures certain risks as a shareholder in an insurance captive. Generally, the Company's exposure is limited to the Company's premium plus an additional assessment. Unused premiums are refundable back to the Company in the form of dividends. The Company has accrued its estimate of probable loss at 31 December 2009.

(iii) Leasing and hire purchase

	2009		2008	
	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	**-**	**584**	-	1,943
- after one year	**-**	**797**	-	-
Total minimum lease payments	**1,503**	**-**	2,195	-
Less: amounts allocated to future finance costs	**(122)**	**-**	(252)	-
Present value of minimum lease payments	**1,381**	**1,381**	1,943	1,943

Operating lease obligations are due as follows:

	2009 €'000	2008 €'000
- within one year	**3,918**	4,281
- between 1 - 5 years	**9,243**	15,507
- after 5 years	**5,832**	-
	18,993	19,788

(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:

	2009 €'000	2008 €'000
Contracted for	**4,084**	27,339
Not contracted for	**3,726**	14,380
	7,810	41,719

Capital expenditure in joint venture entities, approved by the Directors but not provided in the financial statements, none of which relates to the holding company, is as follows:

	2009 €'000	2008 €'000
Contracted for	**11**	560
Not contracted for	**51**	95
	62	655

Notes to the Financial Statements as at 31 December 2009

39. PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations, and also has two defined benefit schemes (two of the three schemes in existance at the beginning of the year merged during the year).

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 income of €6,271,246 (2008: €7,633,000) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €1,748,299 (2008: €1,634,039) was included at year end in other accruals in respect of defined contribution pension accruals.

Defined benefit schemes
The Group operates two defined benefit schemes, each of which is closed to new members.

Total pension contributions to these schemes for the year amounted to €2,928,000 (2008: €2,611,000), and the expected contributions for 2010 are €2,294,000.

During the year €1,993,000 (2008: €1,417,000) of benefits were paid to members of these schemes.

The amount recognised in the Consolidated Income Statement relating to the defined benefit schemes has been disclosed in Note 7.

The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries using the attained age method. The most recent actuarial valuations were 6 April 2006, 31 March 2007 and 5 April 2007 and these have all been updated to 31 December 2009 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.

The extent of the Group's obligation under these schemes is sensitive to judgmental 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.

	2009	2008
Rate of increase of pensions in payment	**3.30%**	2.30%
Discount rate	**5.70%**	6.00%
Inflation assumption	**3.30%**	2.30%

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

	2009 Expected rate of return	2008 Expected rate of return
Equities	**7.7%**	7.0%-8.0%
Bonds	**5.70%**	6.70%
Cash	**0.50%**	2.00%

The net pension liability analysed as follows:

	2009 €'000	2008 €'000
Equities	**39,710**	29,291
Bonds	**4,213**	9,952
Cash	**8,329**	474
Other	**267**	-
Total market value of assets	**52,519**	39,717
Actuarial value of liability	**(57,611)**	(43,455)
Recoverable deficit in the scheme	**(5,092)**	(3,738)
Related deferrred tax asset (Note 26)	**1,426**	1,056
Net pension liability	**(3,666)**	(2,682)

Notes to the Financial Statements as at 31 December 2009

39. PENSION OBLIGATIONS (cont'd)

Split of asset values	2009 €'000	2008 €'000
Equities	**75.6%**	73.7%
Bonds	**8.0%**	25.1%
Cash	**15.9%**	1.2%
Other	**0.5%**	-
	100%	100%

Analysis of amount included in the Consolidated Statement of Comprehensive Income	2009 €'000	2008 €'000
Actual return less expected return on scheme assets	**5,121**	(12,310)
Experience gain/(loss) arising on scheme liabilities (present value)	**397**	(794)
Assumptions (loss)/gain arising on scheme liabilities (present value)	**(9,469)**	11,464
Actuarial gain recognised in Consolidated Statement of Comprehensive Income	**(3,951)**	(1,640)

The cumulative actuarial loss recognised in the Consolidated Statement of Comprehensive Income to date is €10,422,000 (2008: €6,471,000).

In 2009, the actual return on plan assets was €7,377,000 negative (2008: €8,956,000 negative).

Changes in present value of Defined Benefit Obligations	2009 €'000	2008 €'000
At 1 January	**43,455**	67,880
Current service cost	**-**	(90)
Interest cost	**2,789**	3,641
Benefits paid	**(1,993)**	(1,490)
Actuarial losses/(gains)	**9,896**	(10,696)
Exchange adjustments	**3,464**	(15,790)
At 31 December	**57,611**	43,455

Change in present value of Scheme Assets during year	2009 €'000	2008 €'000
At 1 January	**39,717**	61,371
Expected return on scheme assets	**2,686**	4,008
Employer contributions	**2,928**	2,611
Benefits paid	**(1,993)**	(1,490)
Actuarial gains/(losses)	**5,945**	(12,336)
Expenses	**-**	(91)
Exchange adjustments	**3,236**	(14,356)
At 31 December	**52,519**	39,717

History of experience gains and losses	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Value of scheme assets	**52,519**	39,717	61,371	61,284	52,414
Actuarial value of liabilities (present value)	**(57,611)**	(43,455)	(67,880)	(82,242)	(76,423)
Net deficit	**(5,092)**	(3,738)	(6,509)	(20,958)	(24,009)
Actual return less expected return on scheme assets	**5,121**	(12,310)	347	2,075	5,202
% of scheme assets	**9.7%**	(31%)	0.57%	3.4%	10%
Experience gains/(losses) arising on scheme liabilities (present value)	**397**	(794)	13,763	(2,731)	(6,853)
% of scheme liabilities (present value)	**0.7%**	1.8%	20.3%	3.3%	9.0%

Notes to the Financial Statements as at 31 December 2009

40. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the Consolidated Financial Statements under IAS 24 Related Party Disclosures relate to (i) transactions between associated 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 €202mn and there was a movement of inter company balances of €202.9mn.

(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), refers to the Board of Directors which manages the business and affairs of the Company. As identified in the Report on Directors Remuneration, the Directors, other than the non-executive directors, serve as executive officers of the Company.

Key management personnel compensation is set out in Note 10.

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

	2009	2008
	€'000	€'000
Travel services	**33**	482
Hotel	**13**	24
Information Technology Services	**30**	45
	76	551

The Group purchased the following services at arms length from companies controlled by Mr. Brendan Murtagh:

	2009	2008
	€'000	€'000
Travel services	**-**	19

There was €214 owed to related parties at 31 December 2009 (2008: €41,454).

41. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group employs a combination of debt and equity to fund its operations. At 31 December 2009 the total capital employed in the Group was €744.8mn (€159.3mn debt plus total equity).

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 latter dicated that there was no dividend payment in respect of 2009.

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 optimize the allocation of financial resources on the one hand and the return on capital on the other.

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

Notes to the Financial Statements as at 31 December 2009

42. GROUP COMPANIES

The principal subsidiary 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		
Coppercraft Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Europe	100	Holding Company
Kingspan Fabrik Limited	100	Manufacturing
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 Investments (Ireland) Limited	100	Finance Company
Kingspan Nominees Limited	100	Holding Company
Kingspan Research & Development Limited	100	Product Development
Kingspan Securities Limited	100	Finance Company
Thermal Product Developments Limited	100	Product Development
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, UK		
Banro Sections Limited	100	Manufacturing
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
KOS (No.1) Limited	100	Manufacturing
Wards Insulated Panels Limited	100	Sales & Marketing
Registered Office: Greenfield Business Park No. 2, Holywell, North Wales, UK		
Kingspan Access Floors Limited	100	Manufacturing
Registered Office: Marfleet, Hull, Yorkshire, UK		
Kingspan Hot Water Systems Limited	100	Manufacturing
Kingspan Solar Limited	100	Marketing
Registered Office: Tadman Street, Wakefield, West Yorkshire, WF1 5QU		
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, Befordshire SG19 3AR		

Notes to the Financial Statements as at 31 December 2009

	Shareholding %	Nature of Business
AUSTRALIA		
Griffin Rolled Steel Pty Limited	100	Holding Company
Kingspan Insulated Panels Pty	100	Manufacturing
Registered Office: 38-52 Dunheved Circuit, St Marys, Sydney, NSW 2760, Australia		
Kingspan Insulation Holdings Ltd	100	Holding Company
Kingspan Insulation Pty Ltd	100	Manufacturing
Novaduct Innovations Pty Ltd	100	Product Development
National Building Energy Rating Services Pty Ltd	100	Sales & Marketing
Registered Office: c/o Grant Thornton, Level 1, 10 Kings Park Road, West Perth 6005, 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 Belgium N.V.	100	Sales & Marketing
Registered Office: Bouwelen 17, Industriepark Klein Gent, 2280 Grobbendonk, Belgium		
Kingspan Tarec Industrial Insulation NV	50	Manufacturing
Registered Office: Plejadenlaan 15, 1200 Brussel, Belgium		
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Registered Office: Fasken Martineau DuMoulin, 2100 - 1075 West Georgia Street, Vancouver, BC, V6E 3G2, Canada		
Tate ASP Access Floors Inc	100	Manufacturing
Registered Office: 66 Wellington Street West, Suite 3600, Toronto, Ontario, ON, M5K 1N6, Canada		
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 Danmark A/S	100	Sales & Marketing
Registered Office: Tækkemandsvej 7, 4300 Holbæk, Denmark		
Kingspan Miljocontainere A/S	100	Manufacturing
Registered Office: Amerikaveg 1, 7000 Fredericia, Denmark		
ESTONIA		
Kingspan OU	100	Sales & Marketing
Registered Office: Mustamäe tee 55, 10621 Tallinn, Estonia		
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		
GERMANY		
Kingspan Tek GmbH	100	Manufacturing
Registered Office: Beusterstraße 1a, 16348 Klosterfelde, Germany		
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Registered Office: Am Schornacker 2, 46485 Wesel, Germany		
HUNGARY		
Kingspan Kft	100	Manufacturing
Registered Office: 2367 Újhartyán, Horka Dulo 1, Hungary		
LATVIA		
Kingspan SIA	100	Sales & Marketing
Registered Office: Volguntes iela 32-201, Ryga, Latvia		
LITHUANIA		
UAB Kingspan	100	Sales & Marketing
Registered Office: 19 Draugystes gatve, Kaunas 51001, Lithuania		
LUXEMBOURG		
Kingspan Luxembourg Sarl	100	Finance Company
Registered Office: 398 Route d'Esch, L-1471, Luxembourg		

Notes to the Financial Statements as at 31 December 2009

	Shareholding %	Nature of Business
NETHERLANDS		
Kingspan B.V.	100	Sales & Marketing
Kingspan Holdings Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Registered Office: Lingewei 8, 4004 LL, Tiel, Netherlands		
NEW ZEALAND		
Kingspan Limited	51	Sales & Marketing
Registered Office: 15 Ron Guthrey Road, Christchurch Airport, Christchurch, New Zealand		
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, ap 27-300 Lipsko, Poland		
Kingspan Environmental Sp.z o.o.	100	Manufacturing
Registered Office: ul. Topolowa 5, 62-090 Rokietnica k, Poznania, Poland		
ROMANIA		
Kingspan S.R.L.	100	Sales & Marketing
Registered Office: B-dul lancu 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		
SPAIN		
Kingspan Holdings Spain SL	100	Holding Company
Registered Office: C/Alfonso XII, 22-20 DCHA, 28014 Madrid, Spain		
Kingspan Suelo Technicos	50	Sales & Marketing
Registered Office: C/Guindos, 2 San Sebastian Delosreyes, 28700 Madrid, Spain		
TURKEY		
İzopoli Yapı Elemanları Taahhüt San. Ve Tic. A.Ş	51	Manufacturing
Registered Office: Istanbul - Besiktas, Ortakoy, Ciragan Cad. No:97, Turkey		
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Registered Office: Krymska Street 11, Office 404, 79035 Lviv, 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, 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		

43. Approval of Financial Statements

The financial statements were approved by the Directors on 1 March 2010.

Group Five Year Summary

RESULTS (amounts in €mn)	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Revenue	1,125.5	1,672.7	1,863.2	1,461.2	1,243.4
Operating profit	62.7	82.0	236.7	194.0	145.1
Net profit before tax	56.7	68.1	224.2	185.2	135.0
Operating cash flow	212.8	228.3	230.5	201.5	179.6

EQUITY (amounts in €mn)	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Gross assets	1,130.5	1,239.0	1,324.9	1,160.4	969.5
Working capital	123.3	222.3	285.4	229.7	172.1
Ordinary shareholders equity	580.8	517.3	669.7	543.5	416.3
Bank debt and lease obligations (net)	159.4	299.6	225.0	187.6	163.5

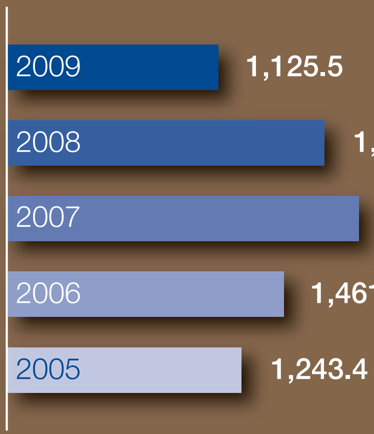
RATIOS	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Net debt as % of shareholders' equity	27.4%	57.9%	33.6%	34.5%	39.2%
Current assets / current liabilities	1.32	1.53	1.55	1.52	1.64

PER ORDINARY SHARE (amounts in €cent)	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Earnings	28.7	26.7	110.5	89.8	66.4
Operating cash flows	128.1	135.7	135.9	119.8	107.2
Net assets	352.5	308.4	396.8	325.2	248.6
Ordinary dividends	-	8.0	25	19.0	13.4

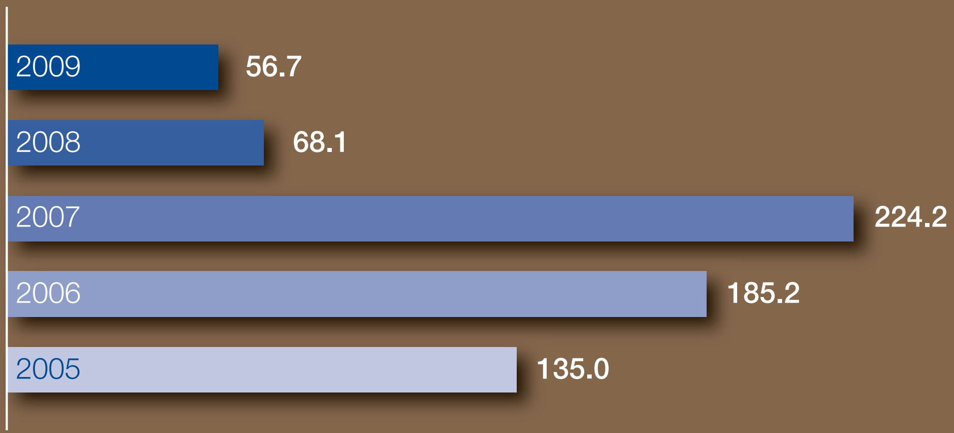
AVERAGE NUMBER OF EMPLOYEES	5,049	6,692	6,512	5,090	4,436

Group Five Year Summary 2009

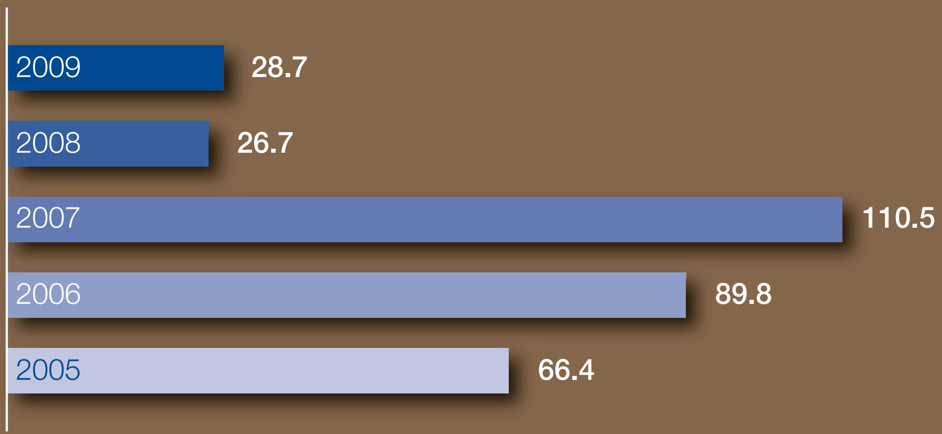
REVENUE
€mn



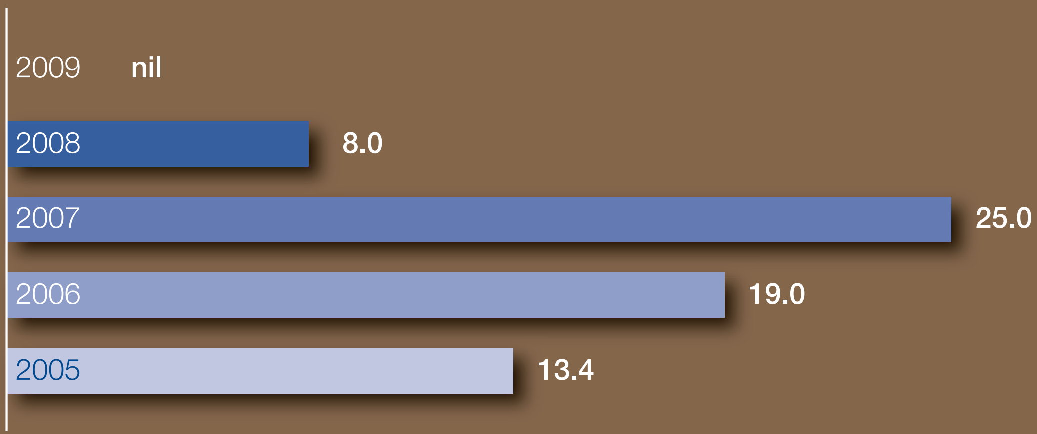
NET PROFIT
BEFORE TAX
€mn



EARNINGS
PER SHARE
€Cent



DIVIDENDS
PER SHARE
€Cent



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