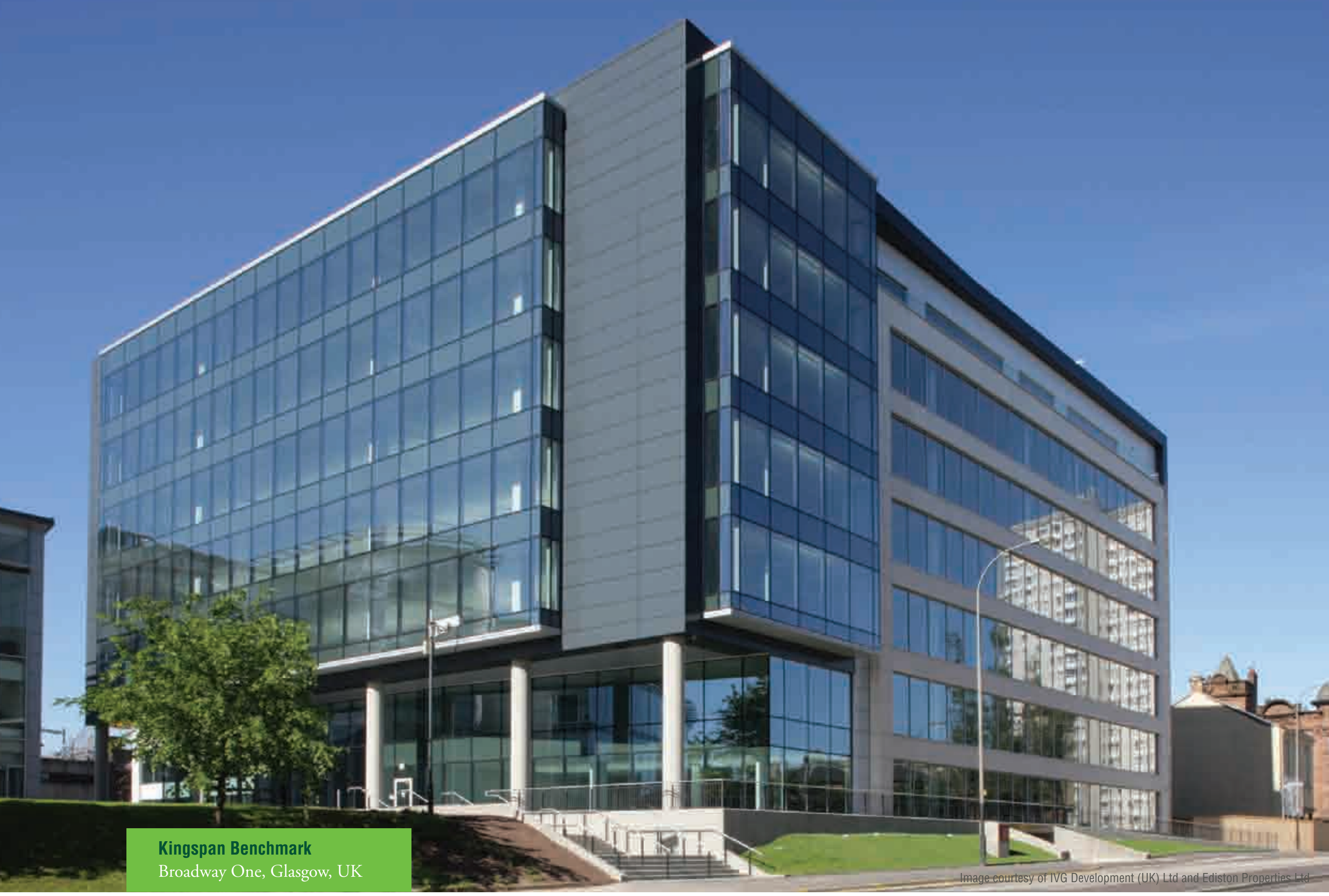
ANNUAL REPORT & FINANCIAL STATEMENTS 2010

Alternative2Energy

Kingspan®



Kingspan Benchmark
Broadway One, Glasgow, UK

Financial Highlights

for the year ended 31 December 2010

	2010	2009	% Change
Group sales	**€1,193.2mn**	€1,125.5mn	+6%
EBITDA[1]	**€107.6mn**	€102.8mn	+5%
Operating profit	**€67.4mn**	€62.7mn	+8%
Basic earnings per share	**29.2 cent**	28.7 cent	+2%
Adjusted earnings per share[2]	**30.9 cent**	25.7 cent	+20%
Dividend per share for the year	**10 cent**	nil	
Interest cover (EBITDA/Net Interest)	**11.9 times**	9.4 times	
Gearing ratio (net debt[3] as % shareholders funds)	**19.3%**	28.1%	

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

[2] *Adjusted earnings per share: excluding the non-cash element in interest costs relating to the cross currency swaps and revaluation of the USD loan.*

[3] *Net debt: excluding impact of the cross currency swaps and revaluation of the USD loan.*

World at night

Alternative2Energy

Buildings are the largest consumers of energy worldwide. Kingspan's net-zero building solutions package can save up to 70% of energy use.
Kingspan – the Alternative2Energy costs, high demand and unnecessary waste.

The cover image depicts changes in illumination over a ten year period. This data is based on satellite observations. Lights are colour coded. Red appeared during that period. Orange and yellow areas are regions of high and low intensity respectively that increased in brightness. The abundance of red and yellow on the map shows the increase in energy consumption in many areas, especially in the developing world.

Chairman's Statement

Kingspan Insulated Panels
Boggo Road Urban Village, Brisbane, Australia

Kingspan's EnvelopeFirst™ energy efficiency is a first step strategy for optimising a building's performance and beginning the route to Net-Zero Energy.

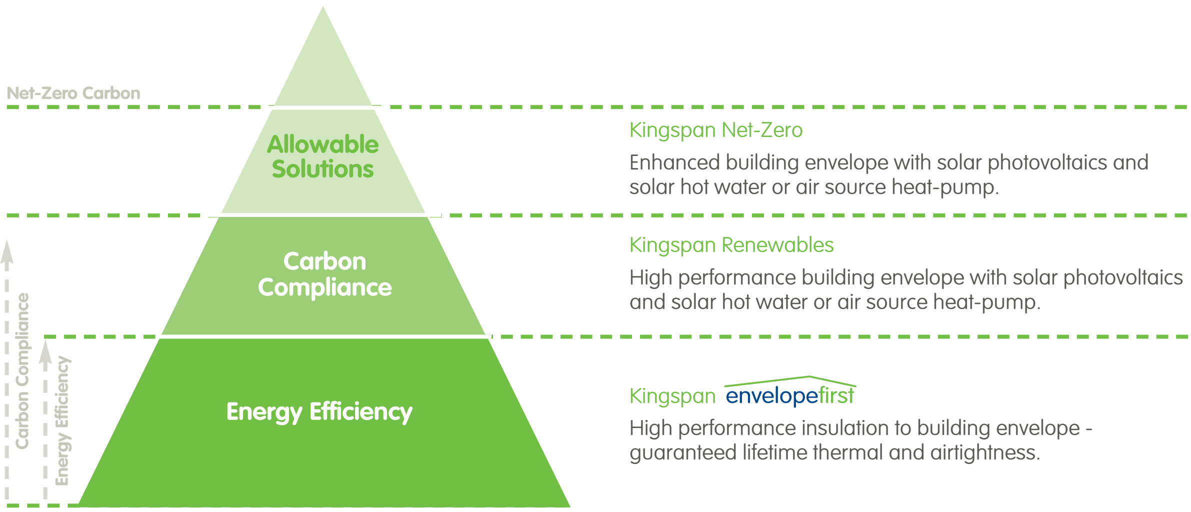
Two years ago I reported on the impact of the 2008 global financial crash on Kingspan, and commented that companies would ultimately be judged by how well they emerged from the global crisis. This year, as we begin to see stability return to some of our core markets, I am pleased to report on what was a very solid performance by Kingspan in 2010, as the Group recorded increases in both revenues and profits for the first time in three years.

Total revenues increased 6% to €1.19 billion, operating profit rose by 8% to €67.4 million, and adjusted earnings per share[1] rose by 20% to 30.9 cent, while the Group ended the year with an exceptionally strong balance sheet, net assets of €666.9 million compared with net debt of €128.7 million.

Although it may still be premature to call the end of the various global crises, Kingspan moves forward from a solid base, and there are encouraging signs for the future. The relative stability across our core Insulated Panel and Insulation Board businesses in the UK and Western Europe, was augmented by increased penetration in North America and Australia, both of which are key future growth markets for Kingspan. The Group's innovative "Insulate & Generate" and "EnvelopeFirst" concepts are gaining traction, as recent global events focus attention on alternatives to rising energy costs, while our continuing focus on high-performance phenolic insulation and higher value added products such as the Benchmark® range puts clear distance between Kingspan and our competitors.

The acquisition towards the end of the year of the western European CIE Insulation businesses, together with our existing Kooltherm® business in the Netherlands, gives Kingspan a market leading position in Northern Europe and provides us with the platform to penetrate further into the Western European market at a time when building regulations are becoming ever more rigorous in encouraging energy efficient buildings across Europe.

[1] *Excluding the non-cash element in interest costs relating to the cross currency swaps and revaluation of the USD loan.*



Chairman's Statement

Kingspan Insulated Panels
Mercy Aged Care, Melbourne, Australia

Management and employees

I wish to express my thanks and appreciation to the management team as a whole and the employees throughout the Group, who have remained steadfastly focused on achieving their goals and who have delivered these solid results in what has been a very testing environment.

Dividend

The Board is recommending a final dividend of 6.0 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 10.0 cent. After a period of abeyance, while the Company prudently managed its balance sheet, the Board is pleased to have been able to resume payment of a dividend to shareholders in 2010, and intends to continue its dividend policy in a manner compatible with the Group's strategic growth plans.

If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 16 May 2011 to shareholders on the register at close of business on 18 March 2011.

Board changes

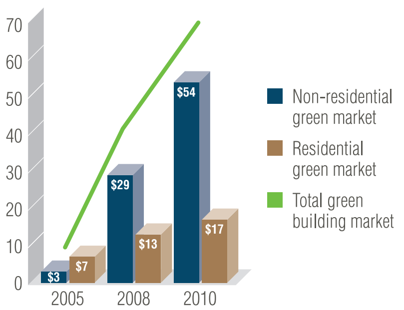
Last May, Brendan Murtagh retired as a non-executive director after the Annual General Meeting, and once again I thank Brendan on behalf of the Board for his contribution to the Group's growth over the previous 37 years.

This May, Dermot Mulvihill will be retiring as Chief Financial Officer following the Annual General Meeting. Dermot has adroitly managed the Group's finances for 25 years, and has made an enormous contribution to the success of the business over those years, for which I express my sincere thanks. Earlier this year, we were very pleased to announce the appointment of an excellent successor, Geoff Doherty, who joined the Board as an executive director in January this year, and I wish Geoff well in his new role.

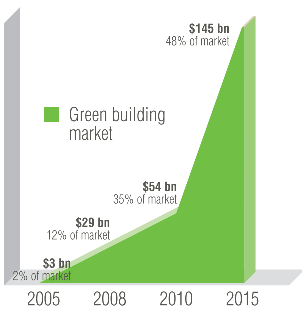
Dramatic U.S. green market growth from 2005 to 2015.

Source: Green Market Size: McGraw-Hill Construction, 2010; base value of construction market from McGraw-Hill Construction Market Forecasting Service, as of September 2010.

In five years the new green building market has grown six-fold.



The green share of non-residential building is growing rapidly with 2015 offering even more opportunity.



Kingspan has established a leading position in providing sustainable, renewable and affordable best practice solutions for green buildings – buildings that save money, consume less energy and use fewer resources.

Chairman's Statement

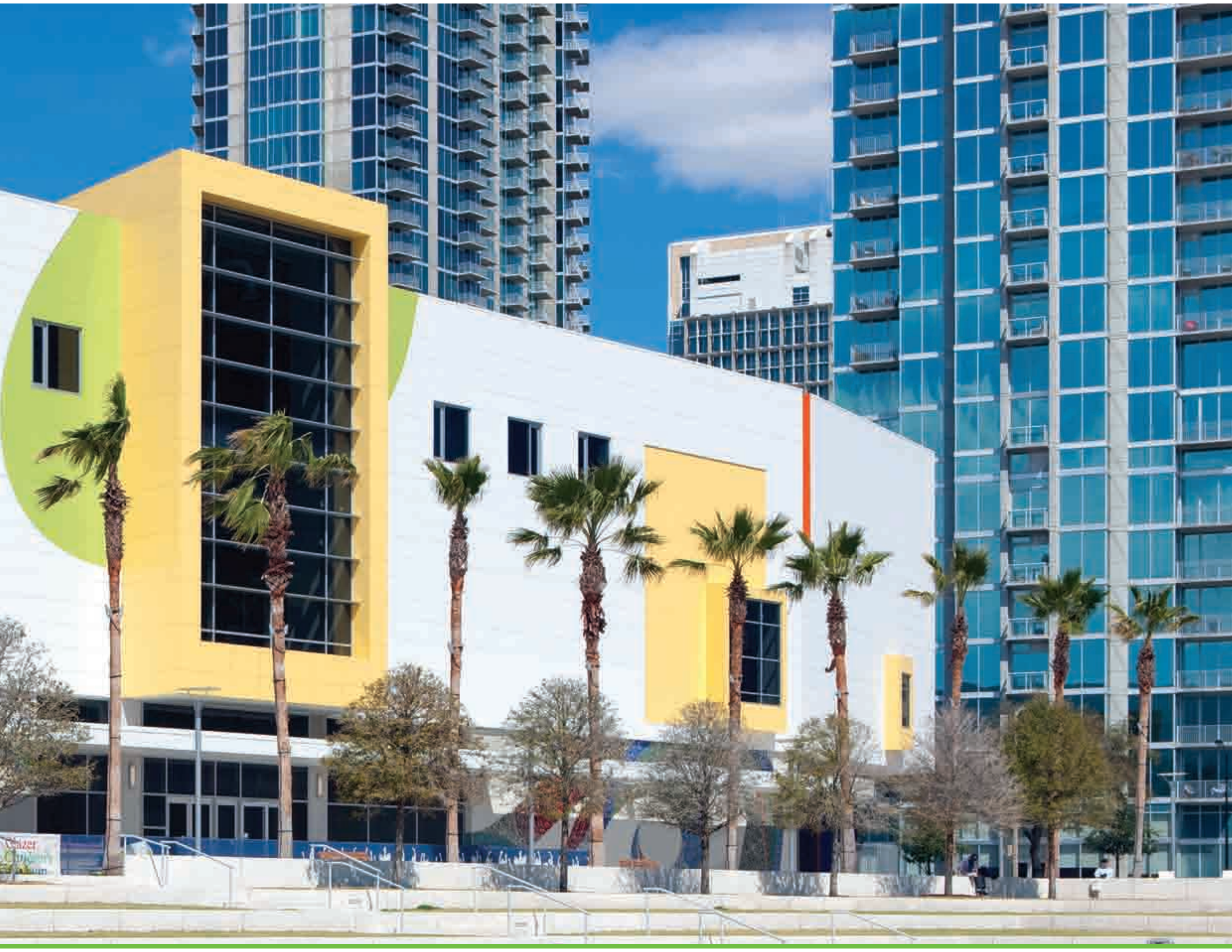
Kingspan Benchmark
Glazer Children's Museum, Tampa, FL, United States of America

Looking ahead

Those of us who were in business through the recessions of the 1970s and 1980s, know that the recent crises, although severe, can be overcome. Inevitably there is a turning point followed by recovery, however gradual. 2010, I believe, was Kingspan's turning point.

In the short-term we still face challenges and our businesses are unlikely to see significant buoyancy in the coming year. However, as Kingspan now looks to the future with a business that is broader and deeper than before and with a balance sheet that will enable it to take advantage of opportunities as they arise, I am confident that the quality of its energy saving products and the talents of its people will drive longer-term growth.

Eugene Murtagh
Chairman
28 February 2011



Path to NetZero™ energy efficiency tool

Kingspan's Path to NetZero™ is a unique tool for the building industry that simulates the process of achieving high performance and net-zero energy buildings. Modeling results provide significant energy savings when using Kingspan insulated panels, renewables and energy conservation measures when compared to conventional construction methods. This tool is accessible through interactive mobile applications available on the web as well as via free apps for the iPad, iPhone, iPod Touch and Android™ mobile devices.

Visit: pathtonetzero.com

Chief Executive's Review

Kingspan Insulation
Four Seasons Hotel, Doha, Qatar

2010 was a tumultuous year globally, with most parts of the world battling one crisis after another, culminating in the most severe winter in decades. In fact, for many regions, it was the second harsh winter in a single calendar year. This backdrop took its toll on most industries, already weakened by the uncertainty of the preceding two years.

Operational highlights

- Sales increased by 6%, giving the first year on year growth in three years.
- Operating profit increased by 8%, with an EBITDA and EBIT margin of 9% and 6% respectively.
- Adjusted EPS[1] growth of 20% to 30.9 cent. Basic earnings per share growth of 2%.
- Stability across the UK market, with overall Group sales in that region up 3%.
- Growth in the US Insulated Panel business, up 16% year on year, and increased penetration heading into 2011.
- Strengthened position in Australia, enhanced by the integration of AIR-CELL Innovations since its acquisition in December 2009.
- Agreement to acquire the western European CIE Insulation businesses for c. €120mn, consolidating Kingspan's position as Europe's number one high performance insulation provider, and providing a platform for longer term growth in continental Europe.
- Further substantial progress made in debt reduction with net debt at year end of €128.7mn, down from €164.3mn.

[1] *Adjusted earnings per share: excluding the non-cash element in interest costs relating to the cross currency swaps and revaluation of the USD loan.*

2010's performance by operating segment was as follows:

Segment Result (profit before finance costs and tax)	Insulated Panels €'mn	Insulation Boards €'mn	Environmental & Renewables €'mn	Access Floors €'mn	Total €'mn
Trading profit	35.8	16.7	0.9	18.6	72.0
Intangible amortisation	(2.7)	(1.0)	(0.8)	(0.1)	(4.6)
Operating profit 2010	33.1	15.7	0.1	18.5	67.4
Finance costs (net)					(11.7)
Profit for the period before tax					55.7
Income tax expense					(6.6)
Net profit for the year					49.1

Chief Executive's Review

For Kingspan, 2010 was not without its challenges. However, despite the environment, it proved to be a year of stability with progress in a number of regions and business areas. Group revenue grew by 6% to €1.19bn, and operating profit for the year rose for the first time in three years by 8% to €67.4mn.

Strategy

Kingspan is resolutely focused on leading the field globally in high performance insulation, with an emphasis on the many and evolving proprietary technologies in the Group. Our innovative "Insulate & Generate" and "EnvelopeFirst" concepts are key cornerstones in the delivery of our goals in what will become more geographically balanced markets in the future.

Insulated Panels

UK

In the UK, sales decreased 1% over prior year against a less than positive backdrop and a weak banking environment. However, an improved medium term consumer outlook drove strong retail led investments throughout the year, and this is likely to continue in 2011, with a consequential uptick in sales for Kingspan. The uptake of new product launches, particularly PowerPanel® and Benchmark® Architectural, were encouraging and are expected to contribute meaningful sales during the year ahead.

Order intake for the year as a whole was up 6% in the UK, but was down 6% year on year in quarter four, impacted in particular by harsh weather conditions in December. The order book for the UK ended the year up 14% and the project pipeline grew by approximately 25% from January to June, remaining broadly stable since mid-year. As 2011 progresses public capital spending particularly in the health and education sectors is expected to decline. All in all, we expect limited growth in the UK in 2011.

North America

In North America, the market for low rise non-domestic buildings reduced once again in 2010 and is now approximately 55% lower than the peak of 2007. Against such an austere backdrop Kingspan's businesses made substantial progress in the industrial, commercial, and temperature controlled building environments with sales up year on year by 11%. In a period of only three years since commencing operations in North America, our brand has advanced from an almost invisible presence to now being at the forefront of low energy thinking in the building segments it serves. With Insulated Panel penetration rates currently well below 10%, compared to approximately 40% Europe-wide, the scope for longer term growth and expansion remains very compelling.

Kingspan Benchmark
Central Ohio Transit Authority (COTA), Columbus, OH, United States of America

retrofit

Today, the emphasis is on the energy performance of the UK's 1.8 million existing industrial buildings and the first step to achieving energy savings is to improve the thermal efficiency of the building envelope.

Kingspan has developed a series of retrofit strategies that will actively improve the performance of existing non-domestic buildings and provide real energy cost savings.

Before

The existing (1,600m^2) building consists of uninsulated cavity walls with asbestos panels and poorly insulated flat roof.

After

Kingspan retrofit 'deep renovation' – enhanced building envelope, PowerPanel solar PV, and Thermomax solar hot water systems offering energy savings of over 50% (£658,000 over 25 years).

Chief Executive's Review

Insulated Panels cont'd

Central & Eastern Europe (CEE)

CEE sales increased by 6% in 2010 despite the construction environment being relatively tough compared to recent years. Economic activity has been running at different speeds across the region, where Poland and Germany remained strong, and the Czech Republic and Hungary operated at similar levels to a year earlier. Over the next five years Russia, the Ukraine and Belarus will be key to our growth plans in the region, whilst Turkey and the Middle East, although flat versus prior year, hold tremendous longer term potential for Kingspan.

Australia / New Zealand

In Australia, the sales performance of our business was very strong, up 26% year on year; and order intake, also strong, grew 36% in 2010. This should provide a platform for solid growth in 2011, although this may be tempered slightly by activity in New Zealand where the economy remains in recession.

Ireland

Ireland sales declined by a further 8% in 2010 and are expected to bottom out during 2011. Speculative construction was virtually non-existent in 2010 and non-residential activity declined to levels approximately similar to the late 1990s.

Insulated Panels

Sales 2010	2009	% change	% of Group Turnover 2010	2009
€638.5mn	€593.9mn	+8%	54%	53%

Kingspan PowerPanel
Stennack House, St. Austell, UK

Insulation

UK

In the UK, our Insulation business had a stable performance in 2010 in what was a mixed market with sales remaining flat. Refurbishment activity was strong, while new residential grew slightly, although significantly down on what we believe to be a sustainable rate of construction necessary to support the population of the UK. The commercial market weakened during 2010 but we believe it could bottom out during 2011. The education and healthcare sectors were important contributors in 2010 but are expected to decline during 2011 and for the foreseeable future.

We believe that the 2010 trends will continue into 2011, with an increase in upgrading activity in both domestic and non-domestic, aided by the forthcoming "Green Deal" in the UK. Commercial construction activity is not expected to return to growth before 2012.

"Through our 'Green Deal', we will encourage home energy efficiency improvements paid for by savings from energy bills. We will also take measures to improve energy efficiency in businesses and public sector buildings."

The UK Coalition: our programme for government (May 2010)

Mainland Europe

Western Europe is one of the key areas of growth for Kingspan's insulation business in the longer term. Penetration rates of rigid insulation are at approximately 5% compared to c. 34% in the UK. The growth of rigid foam is likely to accelerate in the next 10 years as rising thermal standards drive greater thickness of insulation, which will ultimately favour Kingspan's form of insulation over traditional incumbents. Our business is already experiencing this with our volumes up 11% in 2010. Our recent acquisition of the western European CIE Insulation businesses together with our existing Kooltherm® facility in Tiel in the Netherlands, are key in asserting the Group's strong position in Northwest Europe. From this combined base, the Group will increase the pace of its European expansion. However, western European economies, with the notable exception of Germany, are currently relatively lacklustre which in the short term is likely to curtail growth.

In CEE, progress has been gradual, although the long term nature of the opportunities remains compelling.

Australia/New Zealand

Just over a year following the acquisition of AIR-CELL Innovations in Australia, the business is developing well. The team has successfully launched the Kingspan brand in high performance insulation and successfully introduced Kooltherm® to the evolving Australian and New Zealand markets, both of which are gradually adjusting to rising global energy conservation standards.

Ireland

Despite the economic collapse in Ireland, sales were better than expected in 2010 despite declining 10% from 2009 and are now at similar levels to 2003. Improvement is unlikely in newbuild for several years, although like many other markets, refurbishment activity is likely to continue growing.

Insulation

Sales			% of Group Turnover	
2010	2009	% change	2010	2009
€248.2mn	€215.3mn	+15%	21%	19%

Chief Executive's Review

Environmental & Renewables

The marginal increase in year on year sales reflects a weaker performance in Ireland, and a disappointing first half overall in Western/Central Europe markets. This trend is not expected to improve in Ireland, but Mainland Europe is anticipated to record a better performance in 2011.

In the UK, sales of fuel storage and treatment products were broadly in line with prior year, reflecting a relatively muted level of activity in newbuild construction and the replacement market. Hot Water Systems mirrored this trend, although Solarthermal in the UK advanced strongly, and can be expected to gain further in 2011 aided by the anticipated introduction of the Renewable Heat Initiative. Solar thermal in general was at similar levels to 2009 with a weak German market, but progress was achieved in the UK, US and Ireland markets. Rainwater Harvesting, a key future growth area, improved significantly, albeit from a low base.

As in previous years, the environmental tanks business continues to be significantly impacted by the polyethylene raw material related warranty issues dating back to 2002/2003. The legal claim against the supplier, Borealis, for the full recovery of past and future losses is due to be heard in the High Court in London later this year. Kingspan believes on the basis of legal and expert technical advice that it has a valid claim which it intends to pursue vigorously.

Kingspan Rainwater Harvesting

Environmental & Renewables

Sales 2010	2009	% change	% of Group Turnover 2010	2009
€171.7mn	€168.7mn	+2%	14%	15%

Renewable Heat Incentive

By the middle of 2011 the Renewable Heat Incentive (RHI) will be introduced in Britain, offering similar benefits as the Feed-in Tariff, for the generation of heat from renewable sources.

Kingspan provide a total package of solar thermal, air source heat pumps and hot water storage systems to enable property owners and occupiers to benefit from the RHI scheme.

Kingspan Insulation
Islamic Cultural Center, Qatar,

Kingspan Benchmark
One Brewery Wharf, Leeds, UK

Benchmark Architectural

Benchmark is Kingspan's premier range of high quality, innovative custom architectural insulated panel façades, finishes and integrated solutions.

Kingspan Access Floors
Unilever House, London, UK

Access Floors

As anticipated, global office construction tapered off during the course of the year, in the aftermath of the 2008/2009 financial crisis, and the subsequent absence of funding for property starts during 2010. In general this trend is expected to continue into 2011, particularly in North America where activity in this sector has weakened rapidly, but is likely to bottom out later this year.

Despite the poor sales performance margins remained strong resulting in a return on sales of 13.8%, driven in particular by the technology and datacentre market in the US which is not expected to weaken to the same extent as office construction activity in 2011. This is reflected in the forward project pipeline, and the Group's presence in this segment will be bolstered by the successful launch of an innovative range of energy saving airflow products to the technology sector in the fourth quarter of 2010.

Looking ahead

Forecasting activity levels in the construction sector has not been easy in recent years. What is predictable, however, is that real buoyancy is likely to be absent in most of the Group's end markets in 2011. General activity levels appear to have found a new lower base, and it is from this base that Kingspan is focused on driving continued underlying conversion to a more efficient, environmentally geared building technology.

Low rise commercial construction in the UK can be expected to be flat in 2011, as can the housing sector. The backdrop is likely to be similar in North America, however Germany and Central Europe should show modest growth, with Australia likely to remain strong. Refurbishment across many markets could reasonably be expected to grow and continues to have an intense focus from businesses globally. All regions are likely to confront industry-wide cost inflation in 2011 which must be passed through to end markets.

The addition of the western European CIE Insulation businesses adds a further longer term growth channel, and a broader base from which to build the presence of high performance insulation across Mainland Europe.

In all, 2011 is likely to serve up its share of challenges, but with less uncertainty than in recent times. The combination of our people, superior product range, strong balance sheet and operational leverage should provide Kingspan with the platform for further expansion globally.

Gene M. Murtagh
Chief Executive Officer
28 February 2011

Access Floors

Sales			% of Group Turnover	
2010	2009	% change	2010	2009
€134.8mn	€147.6mn	-9%	11%	13%

Financial Review

Turnover

Turnover at €1,193.2mn was up 6% versus 2009. A weaker Euro compared to the Group's other main operating currencies, GBP and USD, accounted for 3.9% of this increase, acquisitions in 2010 accounted for 2% while volume was up 0.9% and price/mix was down approximately 0.8%. While there is an element of seasonality in the Group's main insulation products, it was encouraging that volumes of Insulated Panels were up by 19% in half two compared to half one 2010, and were up by 5% compared to half two 2009.

Trading profit

Trading profit was €72.0mn compared to €67.1mn last year, an increase of 7.3%. Stripping out the positive impact of the translation of trading profits from non-Euro currencies (€3.3mn at the average exchange rates for the year 2010 compared to 2009) and the effect of the AIR-CELL Innovations acquisition in 2010, there was an underlying decrease in trading profits of 1%.

Gross profit at €333.7mn in 2010 represents a return of 28.0% on sales, compared to 27.4% in 2009 and is back to the same level as 2008. This was achieved despite the volatility in raw material prices during the year.

Operating costs were €261.7mn for the year, an increase of €19.8mn over 2009. Circa €7.0mn of this increase relates to operating costs in acquired entities in the period. The balance of the increase substantially relates to the on-going investment in market and product development.

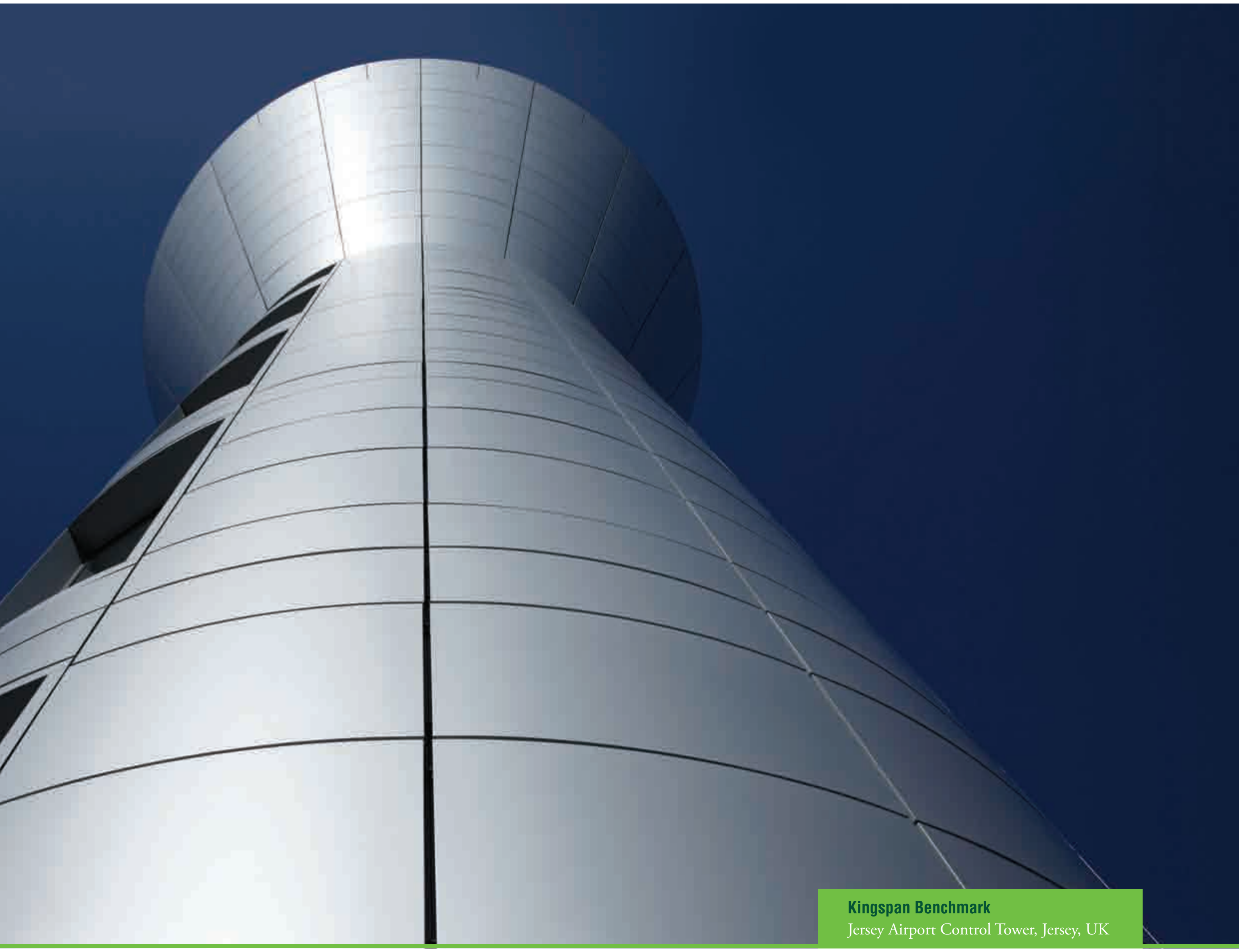
Insulated Panels margin increased to 5.6% from 4.4% in 2009. While demand across the geographic markets in which the Group operates began to show some life, prices remained under pressure due in the main to overcapacity in the industry, the result of two years of depressed economic conditions. The main raw materials used in the manufacture of insulated panels are steel and chemicals, both of which increased in price, along with most other commodities, particularly in the second half of the year. While such price increases inevitably have to be recovered in the market, there is usually a time lag in such recovery. All the indications at present are that raw material input costs will increase again in 2011 with some time lag in their recovery in selling prices.

The trading margin in Insulation Boards increased to 6.7% in 2010 versus 6.3% in 2009. As with Insulated Panels, this industry also suffers from significant over-capacity and remains competitive. The main raw materials in the manufacture of Insulation Boards are chemical based and are suffering price increases in line with other commodities. Further raw material prices have already been implemented in 2011 and recovery of these in the market is essential to Kingspan. This type of price inflation is likely to be a feature throughout 2011.

The trading margin in Environmental & Renewables remains at an unacceptable 0.5% (2009 1.1%). Costs continue to be incurred in relation to warranty issues arising from raw materials supplied to Kingspan in the past. The adverse impact to its Profit and Loss account in 2010 in respect of this issue was €5.6mn (2009 €6.0mn). While the Group is the claimant in a High Court action for damages against the supplier of the raw materials, which will be heard during 2011, all the costs incurred to date and all likely future costs in relation to the proceedings and future warranty claims, have been provided for.

Trading margins by product group

	2010	2009
Insulated Panels	5.6%	4.4%
Insulation Boards	6.7%	6.3%
Environmental & Renewables	0.5%	1.1%
Access Floors	13.8%	17.3%
Group Consolidated	**6.0%**	**6.0%**



Kingspan Benchmark
Jersey Airport Control Tower, Jersey, UK

Elsewhere in this division, the new facility for the manufacture of the Group's solarthermal product, Thermomax®, which was due to be commissioned in the first quarter of 2010, will not now be fully commissioned and delivering the expected unit cost savings until the second quarter in 2011. Sales of this and related renewable energy products are showing good prospects for 2011 particularly in the UK, Irish and North American markets.

Access Floors delivered a trading margin of 13.8% (2009: 17.3%). This fall in trading margin was anticipated, and is partly related to the fall in sales which were down 9% compared to 2009. The decline in sales and margin would have been greater had it not been for the resilience of the data and technology centres markets. In the general office market, further declines are likely in 2011 but, in the absence of any other macro-economic surprises, should bottom out by year end.

The margin on the Group's access floor products is more sensitive to steel price increases than its other products, mainly because of the longer term nature of the projects being supplied, which extends the time lag in which price increases can be recovered. Given the current trends in steel prices this is likely to be a feature in the results for this division, at least in the first half of 2011.

Financial Review

Finance costs

The net underlying finance charge for the year (excluding translation adjustments in respect of the Group's US private placement debt) was €9.04mn (2009: €10.9mn). This comprises interest paid or payable of €9.89mn (2009: €12.7mn) and interest received of €0.85mn (2009: €1.8mn). While net debt has reduced, and the associated borrowing costs have remained low, the beneficial effect has been somewhat diluted by lower returns on surplus cash balances, plus the effect of non-utilisation fees on undrawn bank facilities.

In addition to the net interest of €9.04mn (2009: €10.9mn) described above, there are two non-cash adjustments reflected within finance costs amounting to a net charge in the year of €2.7mn (2009: net credit of €4.9mn). This net charge in 2010 comprises a translation loss on the private placement debt of €9.9mn (2009: gain of €11.9mn) and a positive fair value movement on the related cross currency interest rate swaps of €7.2mn (2009: loss of €7.0mn). The circumstances of this net charge of €2.7mn 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.

Up to February 2010, 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 (€7.2mn above) and the translation loss (€9.9mn above) on the private placement debt are both recognised in the Income Statement in accordance with IAS21.

Following the designation of the swap as a cash flow hedge in February 2010, the level of volatility in this non-cash adjustment is expected to be significantly lower over the remaining life of the swap (maturing in 2015 and 2017).

Earnings per share

Basic earnings per share at 29.2 cent, compares with 28.7 cent last year, an increase of 2%. The earnings in 2010 include a net charge in the finance costs of €2.7mn relating to the cross currency swaps and revaluation of the USD loan described above. The corresponding figure in 2009 was a credit of €4.9mn. Excluding these non-cash items the basic earnings per share in 2010 was 30.9 cent and 2009 was 25.7 cent, an increase of 20%.

Taxation

Taxation provided for on profits is €6.6mn, a composite rate of 11.9% (2009: 15.4%) of profit before taxation. This amount of €6.6mn is after an adjusting credit of €8.5 million (2009: €6.3mn) in respect of prior years.

A significant portion of the credit is attributable to the finalisation of an Advance Pricing Agreement during 2010.

Dividends

Through the recent recessionary period, in circumstances where conservation of cash and reduction in overheads was crucial, the Group prudently paid no dividends to shareholders since an interim dividend in respect of 2008. With early signs of growth in the market place and in the Group's performance, an interim dividend of 4 cent per share was paid to shareholders on 24 September 2010.The directors now propose to pay a final dividend in respect of 2010 of 6 cent per share (2009: nil). This will be payable to shareholders on the register at close of business on 18 March 2011 and will be paid on 16 May 2011. The total dividend for the year of 10 cent is covered 2.9 times by earnings.

Funds flow

The table below summarises the Group's funds flow for 2010 and 2009:

	2010 €'mn	2009 €'mn
Operating profit	67.4	62.7
Depreciation	35.6	36.1
Amortisation	4.6	4.3
EBITDA	**107.6**	**103.1**
Working capital (increase)/decrease	(29.9)	99.0
Pension contributions	(3.2)	(2.9)
Interest paid	(9.6)	(12.9)
Taxation paid	(2.2)	(10.1)
Others	(4.9)	11.8
Free cash	**57.8**	**188.0**
Acquisitions	(0.2)	(8.0)
Net capital expenditure	(15.8)	(45.9)
Dividends paid	(6.8)	(0.3)
Cash flow movement	**35.0**	**133.8**
Debt translation	0.6	1.5
Decrease in net debt	**35.6**	**135.3**
Net debt at start of year	(164.3)	(299.6)
Net debt* at end of year	**(128.7)**	**(164.3)**

** Net debt: excluding impact of the cross currency swaps and revaluation of the USD loan.*

Earnings before finance costs, taxation, depreciation and amortisation (EBITDA) was €107.6mn (2009: €102.8mn). An increase in operational working capital (defined as inventory, receivables, trade and other payables and legal fee provision) of €29.9mn and payment of interest, taxation and defined benefit pension scheme contributions reduced the free cash flow generated to €57.8mn (2009: €187.7mn). These funds were applied as follows: net capital investment: €15.8mn; dividend payment: €6.8mn; Net Debt reduction: €35.6mn.

Net debt at the end of 2010 was €128.7mn, a reduction of €35.6mn on net debt at the start of 2010 and is analysed as follows:

	31 Dec 2010 €'mn	31 Dec 2009 €'mn
Cash and cash equivalents	104.4	83.9
Bank debt < 1 year	(13.5)	(30.5)
Bank debt 2-5 years	(64.6)	(61.6)
Private placement debt > 5 years	(151.4)	(151.4)
Contingent deferred consideration	(2.8)	(3.3)
Finance leases	(0.8)	(1.4)
Total net debt	**(128.7)**	**(164.3)**

The main borrowings are drawn down in the following currencies:

Euro: €151.4mn
USD: $81.4mn

The Group's core funding is provided by a private placing of US$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 31 December 2010 the Private Placement debt was drawn down in full and €60.7mn of the revolving banking facility was drawn. The Group also has in place a number of uncommitted bilateral working capital/overdraft facilities amounting to circa €55mn.

The covenants within the Group's core financing facilities require minimum Interest Cover of 4 times, maximum Debt:EBITDA of 3.5 times, and minimum Net Assets of €400mn. Actual performance against the covenants was as follows:

	31 Dec 2010	31 Dec 2009	Covenant
Interest Cover	11.9x	9.4x	4x min.
Net Debt:EBITDA	1.2x	1.6x	3.5x max.
Net Assets	€666.9mn	€585.5mn	€400mn min.

As can be seen from the table the Group was comfortably within its banking covenants at 31 December 2010.

Working capital

Operational working capital at year end was €153.2mn (2009: €123.3mn), an increase of €29.9mn, and represents 12.8% of the annual turnover (2009: 11%). This increase in working capital, which was anticipated by the Group and referred to in the 2009 Financial Review, is analysed as follows: Inventory - increase of €18.2mn, is related to procurement of raw materials in anticipation of price increases and the actual cost of materials in stock being significantly higher than at the end of 2009. Receivables - increase of €32.8mn, represents an increase of approximately 9 days, to an average of 65 days. The relatively low level of receivables at end of 2009 was unsustainable and while it would be very desirable to return to this number of days, it is unlikely to happen in the current environment. Trade and other Payables - increase of €21.1mn is partly related to the increase in inventory and improved management of the payables ledger.

Property held for sale

At 31 December 2009, the Group classified properties with a total net book value of €19.0mn within current assets on the basis that they were for sale and with the anticipation that the sales would be completed within 2010. Since that time two of the properties have been sold, the proceeds of which were €3.9mn against a net book value of €3.6mn. Of the remaining properties, three of them (with a net book value of €1.7mn) are expected to be disposed of shortly and so they continue to be shown as current assets. The remaining properties have been reclassified back to fixed assets.

Pension deficit

The Group has two legacy defined benefit pension schemes in the UK. These schemes have been closed and the liability relates only to past service. During the year the Group carried out an enhanced transfer value exercise in which deferred members were offered the opportunity to transfer out of the bigger of the two schemes, in return for either an enhancement to their standard transfer value or a cash payment from the Group. The purpose of this exercise was to reduce the size of the scheme, and the associated volatility arising from the annual movements in the scheme assets and liabilities.

Financial Review

Details on the movement giving rise to the decrease in the deficit, before the related deferred tax asset, is set out below:

	Scheme Assets €'mn	Scheme Liabilities €'mn	Net €'mn
Opening balance	52.5	(57.6)	(5.1)
Translation	1.8	(2.0)	
Contributions paid	3.2	0.0	
Benefits paid	(1.6)	1.6	
Actuarial gains (losses)	3.0	(4.0)	
Settlement/Transfers	(13.2)	14.1	
Net finance (charge)/credit	3.9	(3.3)	
Closing balance	**49.6**	**(51.2)**	**(1.6)**

Movement on reserves

The bulk of the Group's non-Euro investments are Sterling and USD denominated. The translation of these investments at each reporting date gives rise to translation gains or losses, depending on how Sterling and USD has performed against the Euro. The currency gains and losses are taken directly to reserves in accordance with accounting rules through the Consolidated Statement of Comprehensive Income. For the current period, Sterling has strengthened from a rate of 0.892 at 1 January 2010, to a closing rate of 0.859 and the USD from 1.395 to 1.328 in the period. This has given rise to overall translation gains to reserves of €30.7mn for the period (2009: gain €22.3mn).

Financial performance indicators

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

Related party transactions

There were no related party transactions, or changes in those related party transactions described in the Annual Report in respect of the year ended 31 December 2009, that would have a material impact on the financial position or performance of the Group in the 12 months ended 31 December 2010.

Capital expenditure

Net capital expenditure in the year amounted to €15.8mn (expenditure €22.1mn less disposals €6.5mn), largely reflecting the absence of any capacity related investments and a continued restraint on all non-essential projects.

Restatement of 2008 Balance Sheet

Fair value adjustments made in 2009 in relation to the acquisition of the North American Insulated Panels business (Metecno) acquired in 2008 were accounted

	2010	2009
EBITDA interest cover	11.9x	9.4x
Net debt:EBITDA	1.2x	1.6x
Net debt* as % of total equity	19.3%	28.1%
Return on capital employed	8.4%	8.4%
Effective tax rate	11.9%	15.4%
Net Assets	€666.9mn	€585.5mn
Gross margin	28.0%	27.4%
Trading margin	6.0%	6.0%
Operating costs % of turnover	21.9%	21.5%

** Net debt: excluding impact of the cross currency swaps and revaluation of the USD loan.*

for on the 2009 balance sheet and more correctly should have been adjusted through the 2008 balance sheet. The 2008 balance sheet has now been restated and is shown as part of these results. The principal changes are as follows: goodwill increased by €4.8mn; property, plant and equipment decreased by €6.2mn; inventory decreased by €1.3mn; and deferred taxation liability reduced by €2.7mn. Full details of the restatements are set out in Note 4 to the Financial Statements.

Post Balance Sheet Events

In November 2010, the Group announced the acquisition of 100% of the shares and assets of various companies which comprise the western European CIE Insulation businesses for a consideration of circa €120mn payable in cash on completion. On the 18 January 2011 a substantial part of the acquisition was completed with the payment of €96.1mn by Kingspan. As a result the European polyisocyanurate (PIR) business, known as Ecotherm®, and the Dutch expanded polystyrene (EPS) and insulated roofing elements business, known as Unidek®, are now owned by Kingspan. The other businesses contracted to be acquired, comprising EPS businesses in Ireland, Britain, the Nordic regions and Germany, are expected

Kingspan Benchmark
M3 (Corporate Office), Tuscon, AZ, United States of America

to be completed in or around the 31 March 2011 on the payment of circa €24mn. The total acquisition will substantially increase Kingspan's insulation footprint across Western Europe and complement its current Kooltherm® phenolic facility in Tiel, the Netherlands.

The combined business will bolster Kingspan's position as the leading provider of high-performance insulation in Europe, with a greatly enhanced portfolio of solutions at a time when building regulations are becoming more rigorous in encouraging energy efficient buildings across Europe. Following the completion in January, the integration of the acquired businesses is going as planned. Later, when the remaining businesses are acquired, some of the non-PIR units will be reviewed with a view to establishing how they can contribute most to the total Kingspan product offering and profitability or, where there is limited strategic fit, their disposal.

The consideration has been, or will, be paid out of Group's own resources and existing facilities. The acquisition is expected by the Group to be broadly earnings neutral for 2011, after accounting for integration costs, amortisation and attributable interest costs.

Looking ahead

The year of 2010 was one when the downward curve in revenues, from their peak in 2007, levelled out and began to show some small upward momentum. While 2011 is unlikely to reflect any significant bounce, and some of the Group's late cycle products will continue to decline, some modest overall increase can be anticipated. This is underpinned by a reasonably strong order book and project pipeline, by a high level of interest in the Group's new products and by opportunities in some new geographic territories.

The main challenge is likely to be the recovery of raw material price inflation in the marketplace where significant over-capacity exists. On the other-hand energy prices are on a steep upward climb, which underscores Kingspan's model of reducing energy usage in buildings and incorporating the generation of renewable energy where appropriate into the overall solution.

There are also challenges in bedding-in and integrating the western European CIE Insulation businesses acquired or to be acquired in the first quarter of 2011. While they are likely to be earnings neutral in 2011, they open up opportunities for the Group in coming years in an insulation market in mainland Europe which has relatively low levels of penetration by high performance insulation solutions.

The balance sheet is very strong and the Group is well funded to take advantage of investment opportunities as they arise in the whole area of energy generation and reduction.

Dermot Mulvihill
Chief Financial Officer
28 February 2011

Business Risk Analysis

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 €60.7m of the banking facility was drawn. The Group also has in place a number of uncommitted bilateral working capital/ overdraft facilities amounting to circa €55mn at year end.

The Group's €330mn committed banking facility is 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; and Net Assets greater than €400mn. These covenants are less restrictive than Group internal targets. At 31 December 2010 the Group was comfortably within these covenants with interest cover of 11.9, Net Debt/EBITDA of 1.2 and Net Assets of €666.9m.

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 2011, it is estimated that the Group will have surplus sterling of approximately £14mn which will be required to be converted to Euro during the year. At the current date £12mn, or 85% of the surplus, has been sold forward at an average rate of 0.87 compared to the average rate in 2010 of 0.8590. The Group will also need to sell the equivalent of US$23mn in Sterling for US Dollar and at the current date this amount was substantially hedged at an average rate of 1.6 compared to the average rate in 2010 of 1.55.

Translational - it is Group policy not to hedge translational exposure, which is effectively a non cash transaction in the accounts. There was a positive impact on non-Euro profits of circa €3.3mn due to favourable movements in average rates used for translation in 2010 versus 2009.

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 €30.7mn 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. 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 undergone a period of 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 71% of the drawn down facilities, are fixed out to maturity at a weighted average interest rate of 4.15%. €15mn of further USD borrowings have been fixed at 1.675% bringing the total fixed debt to 78%. The remainder of the drawn down facilities are subject to floating rates.

Kingspan Insulated Panels
Tweed Region Aquatic Centre, Australia

Business Risk Analysis

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.

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 2010, 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 economic/demand characteristics of that market, the ease of imports from third countries and the availability of substitute products. While such competitive forces can impact profitability in the short-term, each of Kingspan's 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.

Competitive pressure has intensified due to contraction in the overall market size. This has led 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 polices, 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 €218mn expressed net of provisions for default in payment. Of these receivables approximately 65% 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 48 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 inputs and Kingspan's own manufactured products are, therefore, an essential part of the process before the 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 between members of the Group. The basis of this trading 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 trading arrangements could give rise to increased taxation.

Dermot Mulvihill
Chief Financial Officer

The Board

Chairman	
Eugene Murtagh (Age 68)	Eugene Murtagh is the founder and non-executive chairman of the Group.
Executives	
Gene M. Murtagh (Age 39)	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 61)	Dermot Mulvihill is the Group chief financial officer. 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.
Geoff Doherty (Age 39)	Geoff Doherty is the chief financial officer designate. Prior to joining Kingspan he was the chief financial officer of Greencore Group Plc, having previously worked in IWP International Plc, PricewaterhouseCoopers and BDO Simpson Xavier accountants in Dublin. He is a qualified chartered accountant (F.C.A., B. Comm.).
Peter Wilson (Age 54)	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 49)	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 52)	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	
Tony McArdle (Age 62)	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 63)	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 66)	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 53)	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 58)	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 42)	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.

			Committees			
Name	Role	Independent	Acquisitions	Audit	Nomination	Remuneration
Eugene Murtagh	Chairman	No	-	-	Chair	-
Gene M. Murtagh	Chief Executive	No	Member	-	Member	-
Dermot Mulvihill	Chief Financial Officer	No	Member	-	-	-
Geoff Doherty	CFO designate	No	Member	-	-	-
Peter Wilson	MD Insulation	No	-	-	-	-
Russell Shiels	MD North America	No	-	-	-	-
Noel Crowe	MD E&R	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

Report of the Directors

The directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2010.

Principal activities

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

Results and dividends

Group turnover was €1,193.2mn (2009: €1,125.5mn), operating profit was €67.4mn (2009: €62.7mn), and earnings per share were 29.2cent (2009: 28.7cent).

An interim dividend of 4.0 cent per share was paid to shareholders on 24 September 2010 (2009: nil). The directors are recommending a final dividend of 6.0 cent per share for the year ended 31 December 2010 (2009: nil), giving a total dividend for the year of 10.0 cent (2009: nil). The final dividend (if approved at the Annual General Meeting) will be paid on 16 May 2011 to shareholders on the register at close of business on 18 March 2011.

Some key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2010 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 2010. The key points include:

- Group sales increased by 6%, giving the first year on year growth in three years.
- Operating profit increased by 8%, with an EBITDA and EBIT margin of 9% and 6% respectively.
- Adjusted EPS growth of 20% to 30.9 cent (excluding the non-cash element in interest costs relating to the cross currency swaps and revaluation of the USD loan). Basic earnings per share growth of 2%.
- Stability across the UK market, with overall Group sales in that region up 3%.
- Growth in the US Insulated Panel business up 16% year on year, and increased penetration heading into 2011.
- Strengthened position in Australia, enhanced by the integration of AIR-CELL Innovations since its acquisition in December 2009.
- Agreement to acquire the western European CIE Insulation businesses for c. €120mn, consolidating Kingspan's position as Europe's number one high performance insulation provider, and providing a platform for longer term growth in continental Europe.
- Further substantial progress made in debt reduction with net debt at year end of €128.7mn, down from €164.3mn.

Research & development

The Group places considerable emphasis on research and development of existing and new products and on the improvement of the production process, focused primarily on extending competitive advantage. During 2010 Kingspan's continued investment in research & development ranged from evolutionary developments to fundamental advancements in basic materials. Key projects included new uses of nano-technology in high performance insulation, an acoustic structural insulated panel, an enhanced performance micro wind-turbine, the highly innovative Varisol solar-thermal technology which won the Green-Tech Inter-trade Ireland Innovation Award, and new energy saving DirectAir Access Floors designed to improve data centre HVAC efficiencies.

Corporate governance

The directors are committed to achieving the highest standards of corporate governance. A statement describing how the principles of good governance set out in the FRC Combined Code on Corporate Governance (June 2008) have been applied by the Company during the year ended 31 December 2010 is included in this Annual Report. With effect from 1 January 2011 the Company will be reporting in accordance with the principles set out in the new UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

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.

Directors and secretary

The directors and secretary of the Company at the date of this report are as shown in this Annual Report. Brendan Murtagh retired as a non-executive director on the 13 May 2010, and Geoff Doherty was appointed as an executive director and Chief Financial Officer designate with effect from 4 January 2011.

Report of the Directors

Directors' & secretary's interests in shares

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

	31 Dec. 2010	31 Dec. 2009
Eugene Murtagh	35,120,000	35,120,000
Gene M. Murtagh	1,128,103	1,128,103
Dermot Mulvihill	727,961	812,961
Russell Shiels	353,307	353,307
Peter Wilson	232,498	217,656
Noel Crowe	10,000	10,000
Tony McArdle	30,000	30,000
Helen Kirkpatrick	17,511	17,511
Brian Hill	11,000	11,000
David Byrne	3,000	3,000
Danny Kitchen	3,000	3,000
Lorcan Dowd	2,672	2,672
	37,639,052	37,709,210

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

As at 7 March 2011, there had been no changes in the directors' and secretary's interests in share since 31 December 2010 except for the grant of the following conditional awards under the Performance Share Scheme, subject to the vesting conditions of that scheme as more particularly described in the report of the Remuneration Committee:

Gene M. Murtagh	100,000	PSP Awards granted 1 March 2011
Gene M. Murtagh	25,000	Exceptional Perf. Awards granted 1 March 2011
Geoff Doherty	56,000	PSP Awards granted 1 March 2011
Peter Wilson	38,000	PSP Awards granted 1 March 2011
Russell Shiels	38,000	PSP Awards granted 1 March 2011
Noel Crowe	28,000	PSP Awards granted 1 March 2011
Lorcan Dowd	14,000	PSP Awards granted 1 March 2011

Share capital

The Company's total authorised share capital comprises 220,000,000 ordinary shares of €0.13 each. At 31 December 2010 the Company's total issued share capital comprised 171,755,762 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 a number of shares equal to the authorised but as yet unissued share capital of the Company under an authority that was conferred on them at the Annual General Meeting held on 13 May 2010. 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 12 May 2011 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 12 May 2011.

At the Annual General Meeting held on 13 May 2010, 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 12 May 2011, shareholders are being asked to renew this authority. The directors do not have any current intention to exercise the power to purchase the Company's own shares.

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

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

Notification Date	Institution	Shares held	%
28.06.10	Generation Investment Management LLP	21,692,309	13.04%
03.12.10	Investec Asset Management	10,530,397	6.33%
17.06.10	Invesco Limited	8,365,853	5.02%
14.05.10	Governance for Owners LLP	8,162,194	4.90%

Shareholder analysis as at 31 December 2010

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	3,284	57.85	1,636,856	0.95
1,001 - 10,000	2,040	35.95	6,088,840	3.55
10,001 - 100,000	248	4.37	7,099,025	4.14
100,001 - 1,000,000	77	1.35	26,038,364	15.16
Over 1,000,000	27	0.48	130,892,677	76.2
	5,676	100	171,755,762	100

Accounting records

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Group. The directors have appointed suitable accounting personnel, including a professionally qualified Chief Financial Officer, 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 45 manufacturing sites, and operations in 48 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2010, country of incorporation and nature of business are listed in Note 43 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

On 18 January 2011 Kingspan completed the acquisition of the first phase of the western European CIE Insulation businesses comprising the European polyisocyanurate (PIR) business known as Ecotherm®, and the Dutch expanded polystyrene (EPS) and insulated roofing elements business known as Unidek®. The other businesses contracted to be acquired, comprising EPS businesses in Ireland, Britain, the Nordic regions and Germany, are expected to be completed in or around 31 March 2011.

The total consideration for the CIE Insulation businesses is expected to be circa €120mn. There have been no other 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:

- weakness in the macro economic environment, and the risk of decline in sales;
- volatility in the costs of raw material inputs affecting margin levels;
- funding and interest rate risks;
- warranty and reputational risks arising from innovation and testing of new products;
- managing expansion and integration of acquisitions within the Group.

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.

On behalf of the Board
Eugene Murtagh, Chairman
Gene M. Murtagh, Chief Executive Officer

Report of the Remuneration Committee

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 to encourage an enhanced performance, and reward individuals for their contribution to the success of the Group;
- to agree annually the remuneration package for each of the executive directors, including bonuses and other incentive arrangements;
- to approve the grant of share options/awards to executive directors;
- to determine the policy and scope of pension arrangements for the executive directors;
- to set performance objectives for the Chief Executive and other executive directors;
- to report to shareholders on the Company's compliance with the FRC Combined Code on Corporate Governance (June 2008) and best practice, in so far as concerns the company's remuneration policies.

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

During the year the committee met on six occasions. The committee engaged independent professional consultants to carry out a benchmark review of the executive directors' basic and total remuneration packages. The benchmarking was carried out against comparator companies from both the ISEQ as well as the wider industry peer group referenced in the Performance Share Plan. The committee also reviewed Kingspan's remuneration policy more generally, having regard to the recent EU Recommendations on Directors' Remuneration.

Policy on remuneration of executive directors

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

The 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 2010, which remained frozen at 2008 levels. 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.
- ***Performance related 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 2010, the selected performance targets were a combination of Group and divisional profit targets, with maximum bonus being paid on the achievement of 120% of target.
- ***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.

Service contracts

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

Executive directors	Basic Salary €'000	Benefit in kind and other allowances[1] €'000	Performance related bonus €'000	Pension contributions[2] €'000	2010 Total €'000	2009 Total €'000
Gene M. Murtagh	635	26	635	95	**1,391**	756
Dermot Mulvihill	419	26	419	606	**1,470**	969
Russell Shiels[3]	293	25	292	119	**729**	591
Peter Wilson[3]	256	14	256	141	**667**	460
Noel Crowe	280	17	112	42	**451**	338
Louis Eperjesi	-	-	-	-	-	518
	1,883	108	1,714	1,003	**4,708**	3,632
Charge to Consolidated Income Statement re share options					**1,035**	200
					5,743	3,832

Non-executive directors	2010 Fees €'000	2010 Pension €'000	2009 Fees €'000	2009 Pension €'000
Eugene Murtagh	**191**	**143**	191	143
Brendan Murtagh[4]	**29**	**-**	70	-
Tony McArdle	**70**	**-**	70	-
David Byrne	**70**	**-**	70	-
Brian Hill	**70**	**-**	70	-
Helen Kirkpatrick	**70**	**-**	70	-
Danny Kitchen	**70**	**-**	58	-
Brian Joyce[4]	**-**	-	6	-
Eoin McCarthy[4]	**-**	-	29	-
	570	**143**	634	143

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 2010 salaries and remuneration have been converted to Euro at the following rates USD: 1.328 STG: 0.859
Russell Shiels' basic salary was $388,000 (2009: $388,000).
Peter Wilson's basic salary was £220,000 (2009: £220,000).

4 Brendan Murtagh retired as a non-executive director on 13 May 2010.
Brian Joyce retired as a non-executive director on 30 January 2009.
Eoin McCarthy retired as a non-executive director on 14 May 2009.

Report of the Remuneration Committee

Non-executive directors

The non-executive directors each receive a fee which 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.

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 after three years only if certain performance criteria are achieved over the vesting period.
These conditions are:

- up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 3.5% 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 maximum value of any PSP Award may not, at the date of grant, in the case of the Chief Executive exceed 125% of base salary, and in the case of other employees exceed such lower percentage as may be determined by the Remuneration Committee. The percentage of share capital which can be issued under the PSP complies with IAIM guidelines, and may not, when aggregated with all other options or awards granted over the preceding 10 year period, exceed 10% of the issued share capital of the Company (or 3% over 3 years).

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 were 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 were granted (at the earliest) and remain exercisable for ten years from the date of grant. Over the life of the Standard Share Option Scheme the total number of options granted, net of options lapsed, amounted to 6.76% of the issued share capital of the Company. Details of the options granted to the executive directors under the Standard Share Option Scheme are set out in the table later in this Remuneration Report.

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 stretching performance criteria are achieved in the three year period commencing with the accounting period in which the options were granted. These conditions are:

- EPS growth must increase by at least 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. If EPS growth is below the 25th percentile point the shares do not vest.

No LTIPs were granted to executives in 2010, and during the year the committee determined that the LTIPs granted in 2007 had lapsed without vesting due to the failure to meet the performance conditions. Over the life of the plan the total number of LTIPs granted, net of LTIPs lapsed, amounted to 0.42% of the issued share capital of the Company. Details of the LTIPs granted to the executive directors are set out in the table later in this Remuneration Report.

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

Director	At 31 Dec 2009	Granted during year	Exercised or cancelled during year	At 31 Dec 2010	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	**100,526**		**(30,526)[1]**	**70,000**	**13**	**13**	05/03/2011	05/03/2015
Performance Share Plan	20,000[2]	28,604[2]		48,604	13		27/03/2012	02/03/2017
	128,000	114,414		242,414	13		27/03/2012	02/03/2017
	148,000	**143,018**		**291,018**	**13**	**13**		
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	**78,180**		**(20,316)[1]**	**57,864**	**13**	**13**	05/09/2008	05/03/2015
Performance Share Plan	**82,800**	**75,495**		**158,295**	**13**	**13**	27/03/2012	02/03/2017
Russell Shiels								
Standard Share Option Scheme	50,000			50,000	565		23/09/2007	23/09/2014
	22,571			22,571	1090		05/09/2008	05/09/2015
	15,562			15,562	1418		05/09/2009	05/09/2016
	70,000			70,000	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	**45,896**		**(15,896)[1]**	**30,000**	**13**	**13**	05/03/2011	05/03/2015
Performance Share Plan	**64,400**	**45,000**		**109,400**	**13**	**13**	27/03/2012	02/03/2017
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	**61,072**		**(31,072)[3]**	**30,000**	**13**	**13**	05/03/2011	05/03/2015
Performance Share Plan	**64,400**	**45,000**		**109,400**	**13**	**13**	27/03/2012	02/03/2017

Report of the Remuneration Committee

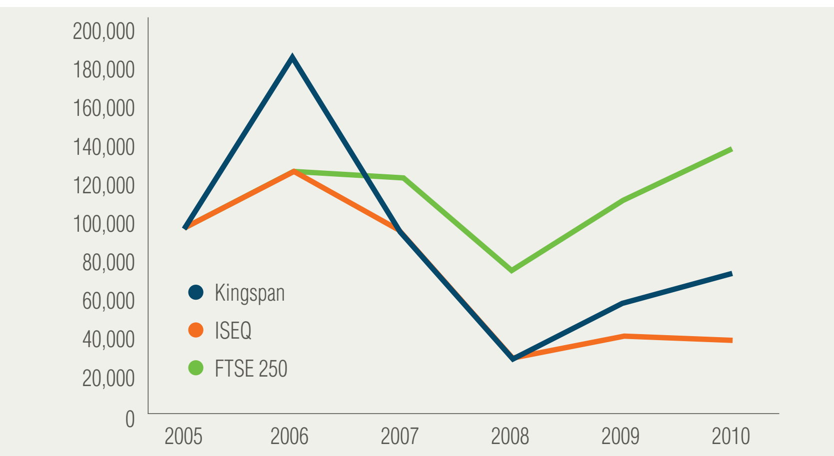
Director	At 31 Dec 2009	Granted during year	Exercised or cancelled during year	At 31 Dec 2010	Option price €cent	Average option price €cent	Earliest exercise date	Latest expiry date
Noel Crowe								
Standard Share	20,000			20,000	135		09/10/2005	09/10/2012
Option Scheme	30,000			30,000	330		18/09/2006	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	**66,657**		**(14,263)[1]**	**52,394**	**13**	**13**	23/09/2007	05/03/2015
Performance Share Plan	**36,800**	**35,000**		**71,800**	**13**	**13**	27/03/2012	02/03/2017
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		(5,000)[1]	7,000	13	13	05/03/2011	05/03/2015
Performance Share Plan	**27,600**	**15,000**		**42,600**	**13**	**13**	27/03/2012	02/03/2017

1. Lapsed on the 26/11/2010 2. Exceptional Performance Award 3. 14,842 exercised 01/03/2010. Market price on day of exercise €5.33. 16,230 lapsed on 26/11/2010.

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 2010.

Total Shareholder Returns



Say on pay

In accordance with Kingspan's commitment to best practice corporate governance, the report of the Remuneration Committee will be put to an advisory vote at the forthcoming Annual General Meeting of the Company, in order to engage the shareholders to have a "say on pay".

Compliance

This report has been prepared having regard to the provisions of Section B of the FRC Combined Code on Corporate Governance (June 2008), as appended to the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

David Byrne S.C.
Chairman, Remuneration Committee

Report of the Audit 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 comprises five independent, non-executive directors including the Senior Independent Director. The Chairman of the committee, Helen Kirkpatrick B.A., F.C.A., has appropriate, recent and relevant financial experience. During the year, the committee met 4 times. The external auditors attended these meetings as required and have direct access to the committee at all times.

The Chief Financial Officer and Head of internal audit attended each meeting and other Group executives attend these meetings as and when required. The committee also met the external auditors without management present to discuss matters relating to its remit and any issues arising from the audit generally.

The committee also periodically meets the Head of internal audit independent of Group management.

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

Functions of the Audit Committee

During the year, the committee discharged its responsibilities by:

- reviewing prior to their release, the preliminary statement of annual results and questioned the external auditor, the internal auditors and the Group Finance Director on these. It compared the results with management accounts and budgets, and reviewed reconciliations between these and final results. It received a report from the external auditors at that meeting identifying any accounting or judgemental issues arising from the audit requiring its attention;
- reviewing prior to their release, the half-year results and compared the results with management accounts and budgets;
- reviewing the Group accounting policies on an ongoing basis;
- it considered the performance of the external auditors, the quality of the reports and advice provided to the committee. It also considered 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;
- approving the external auditors' work plan both before and after the audit. It reviewed audit findings, adjustments, management letters and recommendations and monitored action taken by management as a result of any recommendations;
- maintaining a review of audit services and, in this year, planning for the testing of services provision by way of a procurement exercise during 2011;
- considering 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;
- considering reports from the internal auditors and management responses to such reports together with action points arising from them;
- requesting relevant reports from external consultants on an exception basis and considering their recommendations;
- familiarising itself with the new requirements of the UK Corporate Governance Code and the Irish Corporate Governance Annex and planning to update terms of reference and mode of operation to reflect best practice;
- carrying out the Group risk analysis and reviewing management responses 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 reviewed 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 was reported to the Audit Committee. On an annual basis audit fees are benchmarked against audit fees incurred by peer listed companies.

Report of the Audit Committee

Auditor 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 ensured that the independence of the external audit was 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 Chartered Accountants 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 and subsequent 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 having regard to the provisions of Section C of the FRC Combined Code on Corporate Governance (June 2008), as appended to the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

Helen Kirkpatrick
Chairman, Audit Committee

Corporate Governance Statement

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 FRC Combined Code on Corporate Governance (June 2008) have been applied by the Company throughout 2010. Future annual reports will report on compliance in accordance with the principles set out in the new UK Corporate Governance Code (June 2010) as enhanced by the Irish Corporate Governance Annex.

The Board

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

As at the 31 December 2010, the Board comprised of 11 directors five of whom were executives, and six including the Chairman were non-executive directors. Since the year-end, a further executive director has been appointed as Chief Financial Officer designate, so that the Board currently comprises 12 directors, all of whose names and other details are as set out in this Annual Report. Each of the executive directors has a combination of general business skills, and experience in the construction materials market. The non-executive directors represent a diverse business background complementing the executive director's skills. All of the directors bring an objective judgement to bear on issues of strategy, resources and standards of performance. The directors believe that the Board includes an appropriate balance of skills and 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, appointment of senior executives and succession planning, reviewing management's corporate and financial performance, and overall review of the Group's internal controls. Certain other matters are delegated to the Board committees, the roles and responsibilities of which are set out below.

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

The Chairman and Chief Executive

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

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

Attendance at Board and Committee meetings during the year ended 31 December 2010

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

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.
There was no meeting of the Acquisitions Committee during the year.

Corporate Governance Statement

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

Throughout the most part of 2010 half of the Board, excluding the Chairman, comprised independent non-executive directors. The Board has determined the following non-executive directors to be independent: David Byrne, Brian Hill, Helen Kirkpatrick, Danny Kitchen and Tony McArdle. Tony McArdle is nominated as the senior independent director of the Company, and is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer. The directors consider that there is a strong independent representation on the Board, and are committed to refreshing and strengthening the independent representation on the Board on an on-going basis.

In determining the independence of 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

The Chairman reviews the performance of individual directors annually, and the Senior Independent Director through discussions with other directors conducts a review of the Board, its committees and its corporate governance. This year, the Board is undertaking an externally facilitated review of the performance and effectiveness of the Board and its committees. This review should be completed in the coming weeks, and its recommendations will be considered and acted upon by the Board.

Re-election of directors

Non-executive directors are appointed to the Board for an initial term of three years, renewable with the Board's agreement, (subject to re-election by the shareholders at the Annual General Meeting).The Company's Articles of Association provide that newly appointed directors are subject to election at the Annual General Meeting following their appointments, and that (excluding any such newly appointed directors), one third of the Board is subject to re-election at each Annual General Meeting. In 2010, one third of the Board was subject to re-election on the normal rotational basis, and any non-executive director who had served more than nine years from the time of first election was also subject to re-election at the Annual General Meeting. In 2011 and in subsequent years all directors of the Company will be subject to annual re-election by the shareholders, in accordance with the provisions of the new UK Corporate Governance Code (June 2010).

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. No separate meetings of the Acquisitions Committee were convened during 2010 as, in accordance with its terms of reference, all acquisition proposals in 2010 were considered by the full Board.

Audit Committee

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

Nominations Committee

The Nominations Committee assists the Board in ensuring that the composition of the Board and its committees is appropriate for the needs of the Group. The committee considers the Board's membership, identifies additional skills or experience which might benefit the Board's performance and recommends appointments to or, where necessary, removals from, the Board. During 2010 the Nominations Committee met three times, both to consider the annual re-election of directors at the Company's Annual General Meeting, and as part of the process for the appointment of the Chief Financial Officer designate. The committee used the services of independent recruitment consultants in making this appointment.

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, which describes how the principles of Section B of the FRC Combined Code on Corporate Governance (June 2008) have been applied by the Company.

Communication with shareholders

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

Internal control and risk management systems

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

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

Statement of compliance

The directors confirm that the Company has throughout the accounting period ended 31 December 2010 complied with the provisions of the FRC Combined Code on Corporate Governance (June 2008).

Corporate Social Responsibility

"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."

Kingspan's sustainability policy

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-contractors and customers).
- ensure employees are given adequate training in sustainability issues and are fully involved in helping deliver the Kingspan Group Sustainability Vision & Policy.
- implement a Code of Conduct and supporting sustainability guidelines for key suppliers and contractors and other interested parties to ensure they comply with the Kingspan Group Sustainability Policy.

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

Reporting & measurement

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

In 2010 Kingspan Insulated Panels produced its fourth annual sustainability report using the GRI guidelines, to Level C standard. The latest report covers 11 sites and accounts for approximately 30% of the Group turnover in 2010.

Kingspan Insulation has been producing full sustainability reports since 2004, using both the Sustainable Project Appraisal Routine (SPeAR®), and an annual GRI report since 2008. Its 2010 report is shortly due to be published and expected to achieve Level B standard. It covers its 2 principal UK manufacturing sites and accounts for approximately 10% of Group turnover in 2010.

The scope of these GRI reports will be expanded progressively throughout Kingspan's other divisions over the coming years.

Kingspan's Energi Centre, Holywell, North Wales

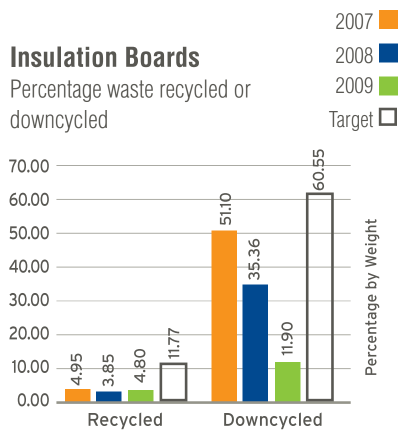
Waste

Kingspan Insulated Panels is continuously looking at new and innovative ways to reduce waste on-site through re-use and recycling. Kingspan currently recycles steel, paper, cardboard, wood and plastic. In 2009 a total of 7,232 tonnes of these materials was recycled. Kingspan also offers its customers several options to participate and reduce waste on-site in a sustainable way: pallet return, plastic packaging recycling, a recycling service for panel cut-offs and spare panels, and return of blue crown protectors and polystyrene blocks. In 2009 Kingspan Insulation set up a Waste Working Group to investigate opportunities to minimise waste and find the best disposal routes for waste materials both from the manufacturing process and from construction sites. As a result, currently no waste insulation from the manufacturing process is being sent to landfill and is instead used in various recycling and downcycling initiatives as well as being sent for waste to energy. In addition, Kingspan Insulation has launched a Site Waste Collection Service to take back waste insulation materials, together with the associated packaging, from selected direct customers. No collected waste is sent to landfill, and it is treated in the same manner as waste from the manufacturing process.

www.kingspan.com/kingspangroup/siteware/pdfs/sustainability-report-2010.pdf

Insulation Boards

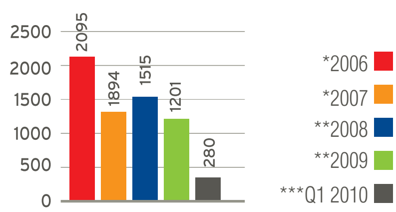
Percentage waste recycled or downcycled



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

Insulated Panels

Total weight of waste in tonnes (landfill)



* Holywell, Kingscourt and Sherburn.
** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands.
*** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands and Profiles and Sections.

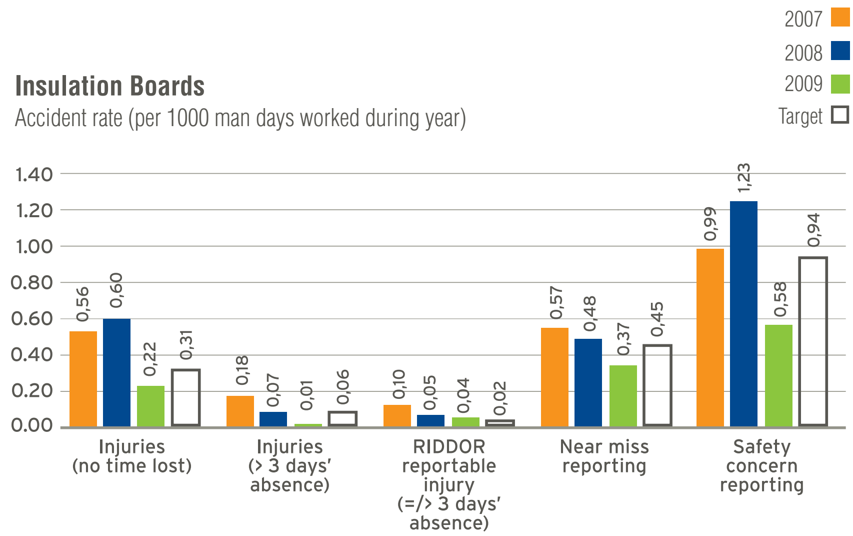
Corporate Social Responsibility

Water

As a proportion of inputs into the manufacturing process, water is relatively small compared to other resources. However Kingspan does use water for general catering and sanitary purposes, and Kingspan recognises the necessity to act responsibly and comply with all relevant legislation in managing water resources on site, and monitoring water that escapes from site in diffuse form and from point sources. In 2009 Kingspan installed an on-site rainwater harvesting system at its Holywell manufacturing site, and harvested 110 cubic metres of rainwater. We are in the process of installing another rainwater harvesting system at our Environmental and Renewable factory at Portadown, and aim to increase the number of sites and the amount of rainwater harvested in a phased manner.

Insulation Boards

Accident rate (per 1000 man days worked during year)



Employees

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 our as part of the Investor in People framework have noted the company's approach to occupational health and well being as a particular strength, and investments continue to be made to ensure these high standards are maintained. Provision of a high quality working environment is viewed as fundamental to maintaining healthy and motivated staff, and to retaining staff for the long-term. OHSAS 18001, in conjunction with increased resources applied to the management of health and safety, has helped to deliver significant improvement in performance.

Kingspan Insulated Panels has achieved OHSAS 18001 at all of its UK, Ireland and Western Europe manufacturing sites with the exception of Leuze, which is currently working to achieve this. Kingspan Insulation achieved OHSAS 18001 at its new Selby site in 2010, and on all its other UK and Ireland sites since 2005.

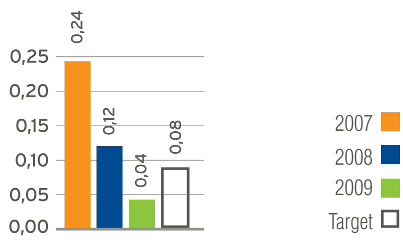
Awards

Kingspan Insulated Panels site at Holywell won the ROSPA Gold Award for Safety in both 2009 and 2010.

In 2009 Kingspan Insulated Panels achieved 1st place for Wales for the second year running, and 21st place overall, in the Sunday Times Green List.

Insulation Boards

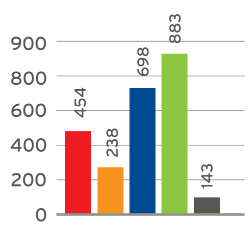
Days lost due to accidents



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

Insulated Panels

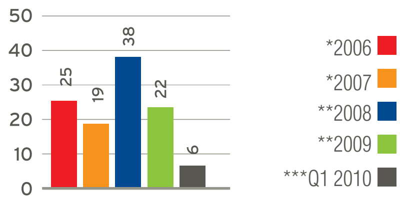
Days lost due to accidents



* Holywell, Kingscourt and Sherburn.
** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands.
*** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands and Profiles and Sections.

Insulated Panels

Total reportable accidents (greater than 3 days absence)



* Holywell, Kingscourt and Sherburn.
** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands.
*** Holywell, Kingscourt, Sherburn, Belgium, Australia, France, New Zealand, Netherlands and Profiles and Sections.

Kingspan Insulation was awarded the 2010 Sustain Magazine Business & Society Award for Governance, and the 2010 Herefordshire & Worcestershire Chamber of Commerce Environmental Award.

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.

Over the past few years Kingspan Insulated Panels has worked with other stakeholders in the local area to help clean up the Dee Estuary, and regenerate the Greenfield Dock. The official re-opening of the dock took place in August 2009. One of the main objectives of this project was to upgrade the dock for the benefit of the whole community, and to attract visitors to the area by making a key access point to what will eventually become part of the All Wales Coastal Path.

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

www.kingspaninsulationcommunitytrust.org

Kingspan is also proud to continue to support the work of the Irish Hospice Foundation, by sponsoring its fundraising Dublin to Paris cycle challenges. The Irish Hospice Foundation 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 2007 and the Transparency Rules of the Financial Regulator, 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, Chief Executive Officer
Dermot Mulvihill, Chief Financial Officer

28 February 2011

Independent Auditors' Report

to the Members of Kingspan Group plc

We have audited the Group and Parent Company Financial Statements of Kingspan Group plc for the year ended 31 December 2010 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 Cash Flows, Consolidated and Parent Company Statements of Changes in Equity 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 Company 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 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.

Independent Auditors' Report

to the Members of Kingspan Group plc

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 2010 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 2010;
- the Group Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation; and
- the 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 Statement of Financial Position 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 2010 a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

Grant Thornton

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

25 March 2011

Financial Statements

Consolidated Income Statement
for the year ended 31 December 2010

Note		Total 2010 €'000	Total 2009 €'000
7	**REVENUE**	**1,193,215**	1,125,523
	COSTS OF SALES	**(859,521)**	(816,610)
	GROSS PROFIT	**333,694**	308,913
	Operating costs	**(261,678)**	(241,858)
	TRADING PROFIT	**72,016**	67,055
	Intangible amortisation	**(4,611)**	(4,396)
	OPERATING PROFIT	**67,405**	62,659
9	Finance cost	**(12,594)**	(12,750)
9	Finance income	**854**	6,770
10	**PROFIT FOR THE YEAR BEFORE TAX**	**55,665**	56,679
12	Income tax expense	**(6,597)**	(8,712)
	NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**49,068**	47,967
	Attributable to owners of the parent	**48,657**	47,658
	Attributable to non-controlling interest	**411**	309
		49,068	47,967
	EARNINGS PER SHARE FOR THE YEAR		
13	Basic	**29.2c**	28.7c
13	Diluted	**28.6c**	28.3c

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Chief Financial Officer
28 February 2011

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

Note		Total 2010 €'000	Total 2009 €'000
	Net profit for the year	**49,068**	47,967
	Other comprehensive income:		
30	Cash flow hedging in equity - current year	**2,787**	(389)
30	Cash flow hedging in equity - reclassification to profit and loss	**389**	(6,658)
40	Actuarial losses on defined benefit pension schemes	**(998)**	(3,951)
30	Exchange differences on translating foreign operations	**30,725**	22,341
40	Income taxes relating to actuarial losses on defined benefit pension scheme	**279**	1,106
	Total comprehensive income for the year	**82,250**	60,416
	Attributable to owners of the parent	**81,839**	60,107
	Attributable to non-controlling interest	**411**	309
		82,250	60,416

Consolidated Statement of Financial Position
as at 31 December 2010

Note		2010 €'000	Restated 2009 €'000	Restated 2008 €'000
	ASSETS			
	NON-CURRENT ASSETS			
14	Goodwill	**318,216**	300,021	284,581
15	Other intangible assets	**6,457**	10,305	13,168
17	Property, plant and equipment	**408,632**	399,989	404,894
18	Long term financial assets	**10**	10	210
	Derivative financial instruments	**1,305**	-	-
27	Deferred tax assets	**5,600**	2,950	1,228
		740,220	713,275	704,081
	CURRENT ASSETS			
19	Inventories	**129,035**	110,821	157,760
20	Trade and other receivables	**236,349**	203,505	299,189
	Derivative financial instruments	**1,407**	-	-
	Cash and cash equivalents	**104,402**	83,886	75,254
		471,193	398,212	532,203
21	Non-current assets classified as held for sale	**1,658**	19,010	-
		472,851	417,222	532,203
	TOTAL ASSETS	**1,213,071**	1,130,497	1,236,284
	LIABILITIES			
	CURRENT LIABILITIES			
22	Trade and other payables	**202,660**	189,571	236,029
26	Provisions for liabilities	**50,683**	47,566	49,126
	Derivative financial instruments	**-**	917	-
24	Contingent deferred consideration	**2,781**	698	4,980
23	Interest bearing loans and borrowings	**14,259**	31,863	16,857
	Current income tax liabilities	**34,539**	32,914	34,314
		304,922	303,529	341,306
	NON-CURRENT LIABILITIES			
40	Retirement benefit obligations	**1,628**	5,092	3,738
26	Provisions for liabilities	**8,118**	12,993	7,341
23	Interest bearing loans and borrowings	**213,671**	201,141	345,249
	Derivative financial instruments	-	6,042	-
27	Deferred tax liabilities	**17,787**	13,556	11,778
24	Contingent deferred consideration	**-**	2,609	7,790
		241,204	241,433	375,896
	TOTAL LIABILITIES	**546,126**	544,962	717,202
	NET ASSETS	**666,945**	585,535	519,082
	EQUITY			
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
28	Share Capital	**22,325**	22,296	22,265
29	Share premium account	**37,739**	36,486	35,751
30	Other reserves	**(144,841)**	(178,742)	(194,036)
31	Revaluation reserve	**713**	713	713
32	Capital redemption reserve	**723**	723	723
33	Retained earnings	**745,338**	699,373	651,841
		661,997	580,849	517,257
35	Non-controlling interest	**4,948**	4,686	1,825
	TOTAL EQUITY	**666,945**	585,535	519,082

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Chief Financial Officer
28 February 2011

Consolidated Statement of Changes in Equity
for the year ended 31 December 2010

	Share Capital €'000	Share Premium Account €'000	Other Reserves €'000	Capital Redemption & Revaluation Reserves* €'000	Retained Earnings €'000	Total Attributable to Owners of the Parent €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2010	22,296	36,486	(178,742)	1,436	699,373	580,849	4,686	**585,535**
Shares issued	29	520	-	-	-	549	-	**549**
Employee share based compensation	-	-	-	-	4,478	4,478	-	**4,478**
Tax on employee share based compensation	-	-	-	-	943	943	-	**943**
Exercise of employee share based compensation	-	733	-	-	(733)	-	-	**-**
Dividends	-	-	-	-	(6,661)	(6,661)	-	**(6,661)**
Transactions with non-controlling interests:								
Currency translation	-	-	-	-	-	-	17	**17**
Dividends paid to non-controlling interest	-	-	-	-	-	-	(166)	**(166)**
Transactions with owners	**29**	**1,253**	**-**	**-**	**(1,973)**	**(691)**	**(149)**	**(840)**
Profit for the year	-	-	-	-	48,657	48,657	411	**49,068**
Other comprehensive income:								
Cash flow hedging in equity								
- current year	-	-	2,787	-	-	2,787	-	**2,787**
- reclassification to profit and loss	-	-	389	-	-	389	-	**389**
Defined benefit pension scheme	-	-	-	-	(998)	(998)	-	**(998)**
Tax on defined benefit pension scheme	-	-	-	-	279	279	-	**279**
Exchange differences on translating foreign operations	-	-	30,725	-	-	30,725	-	**30,725**
Total comprehensive income for the year	**-**	**-**	**33,901**	**-**	**47,938**	**81,839**	**411**	**82,250**
Balance at 31 December 2010	**22,325**	**37,739**	**(144,841)**	**1,436**	**745,338**	**661,997**	**4,948**	**666,945**

**Capital Redemption and Revaluation reserves are €723,000 and €713,000 respectively. There were no movements on these balances since 31 December 2007.*

Consolidated Statement of Changes in Equity
for the year ended 31 December 2009

	Share Capital €'000	Share Premium Account €'000	Other Reserves €'000	Capital Redemption & Revaluation Reserves* €'000	Retained Earnings €'000	Total Attributable to Owners of the Parent €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance 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)	-	-	-
Transactions with non-controlling interests:								
Currency translation	-	-	-	-	-	-	339	339
Movement in Non-controlling interest (Note 35)	-	-	-	-	-	-	2,213	2,213
Transactions with owners	31	735	-	-	2,719	3,485	2,552	6,037
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
Exchange differences on translating foreign operations	-	-	22,341	-	-	22,341	-	22,341
Total comprehensive income for the year	-	-	15,294	-	44,813	60,107	309	60,416
Balance 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 2007.*

Consolidated Statement of Changes in Equity
for the year ended 31 December 2008

	Share Capital €'000	Share Premium Account €'000	Other Reserves €'000	Capital Redemption & Revaluation Reserves* €'000	Retained Earnings €'000	Total Attributable to Owners of the Parent €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2008	22,146	31,917	(67,568)	1,436	681,754	669,685	3,230	672,915
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)
Transactions with non-controlling interests:								
Currency translation	-	-	-	-	-	-	(288)	(288)
Movement in Non-controlling interest (Note 35)	-	-	-	-	-	-	(110)	(110)
Transactions with owners	119	3,834	-	-	(73,715)	(69,762)	(398)	(70,160)
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
Exchange differences on translating foreign operations	-	-	(131,424)	-	-	(131,424)	-	(131,424)
Total comprehensive income for the year	-	-	(126,468)	-	43,802	(82,666)	(1,007)	(83,673)
Balance at 31 December 2008	22,265	35,751	(194,036)	1,436	651,841	517,257	1,825	519,082

**Capital Redemption and Revaluation reserves are €723,000 and €713,000 respectively. There were no movements on these balances since 31 December 2007.*

Consolidated Statement of Cash Flows
for the year ended 31 December 2010

Note		**2010** **€'000**	2009 €'000
	OPERATING ACTIVITIES		
	Result for the year before tax	**55,665**	56,679
36	Adjustments	**56,222**	50,967
	Change in inventories	**(14,071)**	50,723
	Change in trade and other receivables	**(28,038)**	108,398
	Change in trade and other payables	**2,633**	(53,958)
	Pension contributions	**(3,205)**	(2,927)
	Cash generated from operations	**69,206**	209,882
	Taxes paid	**(2,181)**	(10,119)
	Net cash flow from operating activities	**67,025**	199,763
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(22,384)**	(48,592)
	Additions to intangible assets	**(127)**	-
	Proceeds from disposals of property, plant and equipment	**6,534**	2,715
	Proceeds from financial assets	**-**	200
	Purchase of subsidiary undertakings	**(176)**	(6,566)
	Net cash acquired with acquisitions	**-**	(183)
	Payment of deferred consideration in respect of acquisitions	**(982)**	(11,196)
	Interest received	**15**	1,840
	Net cash flow from investing activities	**(17,120)**	(61,782)
	FINANCING ACTIVITIES		
	Increase/(repayment) of bank loans	**3,587**	(139,093)
	Discharge of finance lease liability	**(587)**	(574)
	Proceeds from share issues	**549**	685
	Interest paid	**(9,588)**	(14,752)
	Dividends paid to non-controlling interests	**(166)**	(340)
	Dividends paid	**(6,661)**	-
	Net cash flow from financing activities	**(12,866)**	(154,074)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**59,917**	74,272
	Net increase/(decrease) in cash and cash equivalents	**37,039**	(16,093)
	Translation adjustment	**2,525**	1,738
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**99,481**	59,917
	Cash and cash equivalents as at 1 January were made up of:		
	Cash and cash equivalents	**83,886**	75,254
	Overdrafts	**(23,969)**	(982)
		59,917	74,272
	Cash and cash equivalents as at 31 December were made up of:		
	Cash and cash equivalents	**104,402**	83,886
	Overdrafts	**(4,921)**	(23,969)
		99,481	59,917

Company Statement of Financial Position as at 31 December 2010

Note		2010 €'000	2009 €'000	2008 €'000
	ASSETS			
	NON-CURRENT ASSETS			
18	Investments in subsidiaries	**1,079,390**	1,077,459	26,943
	CURRENT ASSETS			
20	Trade and other receivables	**257,546**	263,652	60,739
		257,546	263,652	60,739
	TOTAL ASSETS	**1,336,936**	1,341,111	87,682
	NET ASSETS	**1,336,936**	1,341,111	87,682
	EQUITY			
	Equity attributable to Shareholders of Kingspan Group plc			
28	Share Capital	**22,325**	22,296	22,265
29	Share premium account	**37,739**	36,486	35,751
32	Capital redemption reserve	**723**	723	723
33	Retained earnings	**1,276,149**	1,281,606	28,943
	TOTAL EQUITY	**1,336,936**	1,341,111	87,682

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Chief Financial Officer
28 February 2011

Company Statement of Changes in Equity

	Share Capital €'000	Share Premium Account €'000	Capital Redemption Reserves €'000	Retained Earnings €'000	Total Attributable to Owners €'000
Balance at 1 January 2010	22,296	36,486	723	1,281,606	1,341,111
Shares issued	29	520	-	-	549
Employee share based compensation	-	-	-	4,478	4,478
Exercise of employee share based compensation	-	733	-	(733)	-
Dividends	-	-	-	(6,661)	(6,661)
Transactions with owners	29	1,253	-	(2,916)	(1,634)
Loss for the period	-	-	-	(2,541)	(2,541)
Balance at 31 December 2010	**22,325**	**37,739**	**723**	**1,276,149**	**1,336,936**

	Share Capital €'000	Share Premium Account €'000	Capital Redemption Reserves €'000	Retained Earnings €'000	Total Attributable to Owners €'000
Balance 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
Balance at 31 December 2009	22,296	36,486	723	1,281,606	1,341,111

	Share Capital €'000	Share Premium Account €'000	Capital Redemption Reserves €'000	Restated Retained Earnings* €'000	Total Attributable to Owners €'000
Balance at 1 January 2008 (as previously reported)	22,146	31,917	723	30,673	85,459
Prior year adjustment	-	-	-	13,110	13,110
Adjusted balance	22,146	31,917	723	43,783	98,569
Shares issued	119	2,574	-	-	2,693
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	3,834	-	(73,715)	(69,762)
Profit for the period	-	-	-	58,875	58,875
Balance at 31 December 2008	22,265	35,751	723	28,943	87,682

**Retained Earnings at 1 January 2008 have been restated to reflect share options adjustments of €13,110,000 as described in Note 18.*

Company Statement of Cash Flows
for the year ended 31 December 2010

Note		2010 €'000	2009 €'000
	OPERATING ACTIVITIES		
	Result for the year before tax	**(2,541)**	1,251,545
	Adjustments - Employee equity-settled share options	**770**	1,199
33	Loss/(profit) on disposal of financial assets	**1,777**	(1,049,316)
	Change in trade and other receivables	**6,106**	(202,912)
	Net cash flow from operating activities	**6,112**	516
	INVESTING ACTIVITIES		
	Proceeds from sale of financial assets	**-**	1,058,999
	Purchase of financial assets	**-**	(1,060,200)
		-	(1,201)
	FINANCING ACTIVITIES		
	Proceeds from share issues	**549**	685
	Dividends paid	**(6,661)**	-
	Net cash flow from financing activities	**(6,112)**	685
	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 2010

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 2009. The Company has taken advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members the Company Income Statement and related notes which 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
Since the publication of the Preliminary Announcement, there has been a reclassification under which the current income tax liabilities for 2008 have been increased by €2,726k and non-current deferred tax liabilities for 2008 have reduced by the same amount: No overall change to 2008 net assets.

Standards adopted during the financial year
The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are effective for the Group's financial statements for the annual period commencing 1 January 2010:

IFRS 3 Business Combinations (Revised 2008)
The revised standard on business combinations (IFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in IFRS 3R that had an impact on the Group's acquisition in 2010 are as follows:

- acquisition-related costs of the combination are recorded as an expense in the income statement. Previously, these costs would have been accounted for as part of the cost of the acquisition
- any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised only once its payment was probable and changes were recognised as an adjustment to goodwill
- the measurement of assets acquired and liabilities assumed at their acquisition-date fair values is retained. However, IFRS 3R includes certain exceptions and provides specific measurement rules.

IFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. For the year ended 31 December 2010, the adoption of IFRS 3R has not materially affected the Group's results as there were no material acquisitions in the year. Business combinations for which the acquisition date is before 1 January 2010 have not been restated.

IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
The adoption of IFRS3R required that the revised IAS 27 (IAS 27R) is adopted at the same time. IAS 27R introduced changes to the accounting requirements for transactions with non-controlling (formerly called "minority") interests and the loss of control of a subsidiary. These changes are applied prospectively.

Improvements to IFRSs 2009
The Improvements to IFRSs 2009 made several minor amendments to IFRSs. The only amendment relevant to the Group relates to IAS 17 Leases. The amendment requires that leases of land are classified as finance or operating by applying the general principles of IAS 17. Prior to this amendment, IAS 17 generally required a lease of land to be classified as an operating lease. The Group has reassessed the classification of the land elements of its unexpired leases at 1 January 2010 on the basis of information existing at the inception of those leases and has determined that none of its leases require reclassification.

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. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Annual Improvements 2010 (effective from 1 July 2010 and later)
The IASB has issued Improvements to IFRS 2010 (2010 Improvements). Most of these amendments become effective in annual periods beginning on or after 1 July 2010 or 1 January 2011. The 2010 Improvements amend certain provisions of IFRS 3R, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The Group's preliminary assessments indicate that the 2010 Improvements will not have a material impact on the Group's financial statements.

Notes to the Financial Statements as at 31 December 2010

1. BASIS OF COMPLIANCE (cont'd)

IFRS 9 Financial Instruments (effective from 1 January 2013)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

2. BASIS OF PREPARATION

The Consolidated and Company Financial Statements, which are presented in euro rounded to the nearest thousand except Note 8 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 in the periods presented in these consolidated financial statements.

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 ventures 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.

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 Position have been translated at the rates of exchange ruling at the reporting date. As the relevant foreign exchange rates have not fluctuated significantly during the year, the average rate is a reasonable approximation of the actual rate.

Exchange rates of material currencies used were as follows:

	Average rate			Closing Rate		
Euro =	**2010**	2009	2008	**2010**	2009	2008
Pound Sterling	**0.859**	0.892	0.796	**0.860**	0.890	0.951
US Dollar	**1.328**	1.395	1.471	**1.342**	1.433	1.381
Canadian Dollar	**1.368**	1.587	1.560	**1.330**	1.510	1.750
Australian Dollar	**1.446**	1.776	1.743	**1.310**	1.600	2.050
Czech Koruna	**25.321**	26.478	24.990	**25.000**	26.000	26.550
Polish Zloty	**4.000**	4.337	3.523	**3.950**	4.100	4.120
Hungarian Forint	**275.935**	281.151	252.430	**278.00**	270.00	265.00

Notes to the Financial Statements as at 31 December 2010

4. PRIOR YEAR RECLASSIFICATIONS, ADJUSTMENTS AND CHANGES IN PRESENTATION

A number of adjustments have been made to 2009 and 2008 comparative figures arising from prior period mis-classifications and errors in the Statement of Financial Position which have no impact on net assets, profits or earnings per share as previously reported.

These changes require the presentation of a restated 2008 Statement of Financial Position, in accordance with IAS 1. Full details of the reclassifications and adjustments are set out below.

Group Items

Defined Benefit Pension Scheme Obligation and Deferred Tax

The figure of €3,666,000 shown in the Consolidated Statement of Financial Position within Retirement Benefit Obligation under Non-Current Liabilities, was net of the related Deferred Tax Asset of €1,426,000. The correct treatment is to disclose the pension liability gross of the deferred tax asset. The 2009 comparative figure for Retirement Benefit Obligation has been increased by €1,426,000 from €3,666,000 to €5,092,000 and the Deferred Tax Liability shown under Non-Current Liabilities has been reduced from €14,982,000 to €13,556,000. The 2008 amounts were correctly shown gross of deferred tax and did not therefore require to be restated.

In addition, two component amounts within the detailed disclosures on the Defined Benefit Pension Scheme were incorrectly stated in the 2009 annual report. The Actual less Expected Return on Scheme assets was incorrectly reported as €5,121k. This has now been amended to €5,945k. The assumption (loss)/gain was incorrectly reported as €9,469k and has now been amended to €10,293k. The corrections do not affect the total actuarial loss reported in other comprehensive income.

Research and Development Expenditure

In 2009 and prior years, only the non-payroll element of this expenditure category was disclosed. For 2010 the total cost inclusive of payroll costs have been disclosed and the 2009 comparative has been restated (see Note 10).

Segmental Result

The Analysis of Segmental Data by Geography showed the split of Total Assets by region, rather than Non-Current Assets only as prescribed by IFRS 8 Segmental Reporting. The 2009 comparative has been amended to show the Non-Current Assets analysis, rather than Total Assets (see Note 7).

Goodwill

During 2009, the Group finalised the fair value exercise in respect of the August 2008 acquisition of Metecno Inc, making three final adjustments - impairment of €6,174,000 of plant and machinery, write down of inventory totalling €1,356,000, and tax credit of €2,726,000 related to the latter two adjustments. The net effect of these adjustments on the goodwill recorded for the Metecno Inc. acquisition was to increase it by €4,804,000.

IFRS 3 requires that where fair value adjustments are made in respect of a business combination in a subsequent accounting period, the goodwill figure which was recorded as a result of the preliminary accounting for the transaction should be restated. In the 2009 annual report, the adjustment to goodwill was shown as a 2009 adjustment, whereas the 2008 comparative figure should have been adjusted. This position has been corrected (see Note 14).

In addition, during 2009 an error was corrected relating to a 2007 acquisition - the original goodwill amount was overstated by c. €2.8mn due to the incorrect recording of a third party liability within the acquired company (see Note 14).

Property, Plant and Equipment

Related to the Goodwill adjustment described above, when the impairment (€6,174,000) to Property, Plant & Equipment was being shown in the 2009 results, it was shown as additional depreciation in 2009 whereas it should have been shown as an adjustment to the cost of assets which was recorded at the preliminary fair value exercise in 2008. Also, the adjustments should have been reflected in the 2008 comparative figures rather than as 2009 items within the note for Property, Plant & Equipment.

The 2009 comparative figure has been amended within these financial statements, and the adjustments have been reflected within the 2008 comparative figures (see Note 17).

Inventory

Related to the Goodwill adjustment described above, the Inventory adjustment of €1,356,000 should have been disclosed as a 2008 Inventory reduction rather than as a 2009 item. The corrected 2009 and 2008 comparatives have been disclosed in these financial statements (see Note 19).

Deferred tax liabilities

Related to the Goodwill adjustment described above, the Tax adjustment of €2,726,000 should have been disclosed as a 2008 reduction rather than as a 2009 item. The corrected 2009 and 2008 comparatives have been disclosed in these financial statements.

Directors' Remuneration

In 2009, the pension contribution made in respect of the Chairman was disclosed by way of a footnote to the table of Directors' Remuneration. In 2010 the contribution has been separately disclosed within the Directors' Remuneration note, with a corrected comparative note shown for 2009 (see Note 11).

Non-Trading Items

The Group's disclosure of non-trading items is shown within Note 10, Profit for the Year Before Tax, and the 2009 figures have been disclosed in the comparative figure (see Note 10).

Goodwill Impairment and CGUs

An additional CGU (Timberframe) which was in existence in 2009 was omitted from the list of CGUs listed within Note 14 Goodwill. This CGU is separately identified in these financial statements, together with two other CGUs Insulation Boards Australia which was not material in 2009 and therefore was not separately disclosed and the Australia / New Zealand Panels business, both of which meet the definition of CGU within IAS 36.

Notes to the Financial Statements as at 31 December 2010

4. PRIOR YEAR RECLASSIFICATIONS, ADJUSTMENTS AND CHANGES IN PRESENTATION (cont'd)

Provisions

The provisions disclosure has been amended to show those provisions expected to be utilised over a period in excess of 12 months - the total provision is now analysed between Current and Non-Current Liabilities. Discounting is applied to the latter where the discounting impact is material. The 2009 and 2008 disclosures have been reclassified to follow the 2010 format. The 2009 and 2008 total warranty provisions of €59,059k and €56,467k have been split into current €47,566k and non-current €11,493k and current €49,126k and non-current €7,341k respectively.

A litigation provision of €1.5mn which was included within accruals in 2009 has been reclassified as a provision, in accordance with IAS 37 (see Note 26).

Finance Lease Obligations

The finance lease obligations have been analysed over their different maturity terms, and the 2009 and 2008 comparatives have been reclassified to follow the 2010 format.

Company Items

Related Party Transactions

The 2009 comparative provides more detailed information in respect of the internal reorganisation which took place during 2009 (see Note 41).

Retained Earnings - the Company

The profit of €1,049,316k which arose on the 2009 internal reorganisation referred to above, does not constitute "realised profits" for the purposes of making a distribution, and Note 33 has been clarified accordingly.

Investments in Subsidiaries - IFRIC 11 adjustment

The figure for Additions disclosed in the 2009 annual report included a prior year adjustment figure of €13.11mn relating to a change in accounting policy arising from IFRIC 11 (IFRS 2 - Group and Treasury Share Transaction), part of which related to 2008 with the balance relating to 2007 and previous years. The adjustment relating to the prior periods should have been disclosed separately, and not within the 2009 Additions figure. The corrected 2009 and 2008 comparative figures have been included within Note 18. The adjustment reflects the "push-down" of share options expense to the subsidiaries which have benefitted from the employee services. The corresponding entry is an addition to investment in subsidiaries.

Statement of Cash Flows - Non cash items

Non cash items in 2009 included an amount of €6,783k in respect of impairment of non-current assets and €306k in respect of currency translation adjustments to depreciation and amortisation. These amounts have been reclassified to conform with the current year presentation as set out in Note 36.

5. SIGNIFICANT ACCOUNTING POLICIES

Business combinations

The acquisition method of accounting is employed in accounting for the acquisition of subsidiaries 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. Expenses related to the acquisition are recorded in the Consolidated Income Statement. 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 at its estimated fair value. Contingent Deferred Consideration is included in the acquisition Statement of Financial Position on a discounted basis. Any subsequent adjustment to Contingent Deferred Consideration is adjusted for through the Consolidated Income Statement.

In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities 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 non-controlling shareholders is initially stated at the appropriate proportion of the fair values of the assets and liabilities recognised; goodwill is not allocated to the non-controlling interest. After the date of combination, the non-controlling interest is allocated its share of changes in equity.

Goodwill

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

Goodwill arising in respect of acquisitions completed prior to 1 January 2004 (being the transition date to IFRS) is included at its deemed cost, which equates to its net book value recorded under previous GAAP. In line with the provisions applicable to a first-time adopter under IFRS the accounting treatment of business combinations undertaken prior to the transition date 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 which generate largely independent cash inflows and these units are not larger that the operating segments determined in accordance with IFRS 8 Operating Segments.

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

Notes to the Financial Statements as at 31 December 2010

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

For the purposes of impairment testing management deem any CGUs where the goodwill represents > 20% of total group goodwill to be "significant" and therefore requiring the more detailed disclosures set out in the Standard.

Intangible Assets (other than goodwill)
Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in 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 less any accumulated amortisation and accumulated impairment losses.

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

Amortisation is charged on assets with finite lives and this expense is taken to the Consolidated Income Statement where it is included as an operating cost.

Subsequent amortisation of intangible assets is calculated to write off their book value over their useful lives on a straight line basis on the assumption of zero residual value.

The amortisation rates generally applied are:

Trademark & Brands	2-10 years
Technological know how	5-10 years
Patents	8 years

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

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

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

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

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

Non-trading Items
The Group has adopted a policy which seeks to highlight material items within the Group results for the year. Such items may include redundancy costs, restructuring costs, profit or loss on disposal or termination of operations, litigations costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, impairment of assets, and acquisition costs. Judgment is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Consolidated Income Statement and/or related notes as non-trading items.

Segment reporting
The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Chief Operating Decision Maker. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the Consolidated Financial Statements. Refer to note 7 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 on a first -in-first-out basis. In the case of raw materials, cost means purchase price including transport and handling costs, less trade discounts, 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.

Notes to the Financial Statements as at 31 December 2010

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

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

Current tax:

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

Deferred tax:

Deferred tax is provided on the basis of the balance sheet method on all temporary differences at the reporting 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 expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that will result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled) 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 foreseeable 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 foreseeable 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 reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as actuarial losses on defined benefit pension schemes) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Grants

Capital grants received in respect of the purchase of tangible assets are treated as a reduction in the purchase price of the tangible asset. Grants received in respect of revenue expenditure are recorded in the Consolidated Income Statement to match the relevant expenditure. A contingent liability is disclosed for grants which have been received but where there are conditions under which the grants are partly or wholly repayable.

Property, Plant and Equipment

Property, plant and equipment is 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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

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

Freehold buildings	2% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer hardware	25% on cost
Computer software and licenses	12.5% to 33% on cost
Motor vehicles	20% to 25% on cost
Leased assets	Over the period of the lease
Leasehold property improvements	Over the period of the lease

Useful lives and residual values are re-assessed annually.

Notes to the Financial Statements as at 31 December 2010

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less 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 is not depreciated.

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

Assets under construction

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

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 the Consolidated Income Statement. The asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. 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 non-current 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 Consolidated 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 two legacy defined benefit pension schemes (both closed to new members) 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 surplus or deficit (shown gross of any related deferred tax asset or liability) 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 other 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 Consolidated 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 Consolidated Income Statement.

Earnings per share

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

Provisions

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

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are discounted where the discounting impact is considered to be material.

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 reporting date. All currency translation differences on monetary assets and liabilities are taken to the Consolidated Income Statement.

Group companies

Results and cash flows of subsidiaries 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 Position is translated at the rates of exchange ruling at the reporting 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 through other comprehensive income once they have been approved.

Notes to the Financial Statements as at 31 December 2010

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Consolidated 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 initially recorded at fair value and, at subsequent reporting dates, at amortised cost. Generally, Kingspan recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case by case basis (with due regard to credit insurance where in place) when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

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

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

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.
Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.
Other financial liabilities (including trade payables) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.
When determining the fair value of financial liabilities, the expected future cash flows are discounted using an appropriate interest rate.

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 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) and development 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').

Notes to the Financial Statements
as at 31 December 2010

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

6. SIGNIFICANT JUDGMENTS AND ESTIMATION UNCERTAINTY

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

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

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

In accordance with IFRS the Group has performed impairment reviews on those cash generating units or combinations of CGUs which have a carrying value of goodwill or intangible assets with indefinite useful life, and on any assets where there are indicators of impairment. The key assumptions associated with these reviews are detailed in note 14.

Guarantees & warranties (Note 26)
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. The adequacy of these provisions are reviewed at each reporting period.

Litigation Provisions (Note 26)
The Group is a party to ongoing litigation cases and management exercise judgement in assessing the likely economic outflow from such cases.

Defined benefit pension scheme (Note 40)
The Group has two legacy defined benefit pension schemes which, whilst closed to new entrants and further accrued service, are required to be valued. The Group 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 8)
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 8.

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

7. SEGMENT REPORTING

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

Operating segments
The Group operates in the following four business segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
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 2010

7. SEGMENT REPORTING (cont'd)

Analysis by class of business

Segment Revenue	Insulated Panels €mn	Insulation Boards €mn	Environmental & Renewables €mn	Access Floors €mn	TOTAL €mn
Total Revenue - 2010	638.5	248.2	171.7	134.8	**1,193.2**
Total Revenue - 2009	593.9	215.3	168.7	147.6	1,125.5

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	Environmental & Renewables €mn	Access Floors €mn	TOTAL 2010 €mn	TOTAL 2009 €mn
Trading profit	35.8	16.7	0.9	18.6	**72.0**	
Intangible amortisation	(2.7)	(1.0)	(0.8)	(0.1)	**(4.6)**	
Operating profit - 2010	**33.1**	**15.7**	**0.1**	**18.5**	**67.4**	
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
Net finance cost					**(11.7)**	(6.0)
Profit for the year before tax					**55.7**	56.7
Tax expense, net					**(6.6)**	(8.7)
Non-controlling interest					**(0.4)**	(0.3)
Net profit for the year					**48.7**	47.7

Segment Assets

	Insulated Panels €mn	Insulation Boards €mn	Environmental & Renewables €mn	Access Floors €mn	TOTAL 2010 €mn	TOTAL 2009 €mn	Restated TOTAL 2008 €mn
Assets - 2010	535.9	264.5	180.1	122.6	**1,103.1**		
Assets - 2009	494.8	247.8	182.7	118.3		1,043.6	
Assets - 2008	588.7	251.5	183.2	136.4			1,159.8
Cash and cash equivalents					**104.4**	83.9	75.3
Deferred tax asset					**5.6**	3.0	1.2
Total Assets as reported in Consolidated Statement of Financial Position					**1,213.1**	1,130.5	1,236.3

Segment Liabilities

	Insulated Panels €mn	Insulation Boards €mn	Environmental & Renewables €mn	Access Floors €mn	TOTAL 2010 €mn	TOTAL 2009 €mn	TOTAL 2008 €mn
Liabilities - 2010	(124.8)	(48.9)	(63.8)	(25.6)	**(263.1)**		
Liabilities - 2009	(123.1)	(48.8)	(65.4)	(24.8)		(262.1)	
Liabilities - 2008	(156.7)	(73.3)	(40.1)	(26.1)			(296.2)
					(263.1)	(262.1)	(296.2)
Financial liabilities (current and non-current)					**(227.9)**	(233.0)	(362.1)
Contingent deferred consideration (current and non-current)					**(2.8)**	(3.3)	(12.8)
Income tax liabilities (current and deferred)					**(52.3)**	(46.5)	(46.1)
Total liabilities as reported in Consolidated Statement of Financial Position					**(546.1)**	(544.9)	(717.2)

Notes to the Financial Statements as at 31 December 2010

7. SEGMENT REPORTING (cont'd)

Other Segment Information

	Insulated Panels €mn	Insulation Boards €mn	Environmental & Renewables €mn	Access Floors €mn	TOTAL €mn
Capital Investment - 2010	13.6	4.6	2.4	1.5	**22.1**
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 - 2010	(19.3)	(9.0)	(4.6)	(2.7)	**(35.6)**
Depreciation included in segment result - 2009	(19.4)	(8.6)	(5.2)	(2.9)	(36.1)
Depreciation included in segment result - 2008	(20.2)	(11.2)	(6.2)	(3.0)	(40.6)
Amortisation & intangibles impairment included in segment result - 2010	(2.7)	(1.0)	(0.8)	(0.1)	**(4.6)**
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 - 2010	0.0	0.2	(0.6)	-	**(0.4)**
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 - 2010	65.2	517.1	345.1	199.5	66.3	**1,193.2**
Revenue - 2009	78.1	503.3	310.9	192.7	40.5	1,125.5
Balance Sheet Items						
Non-current assets - 2010	69.4	328.4	144.6	157.6	33.3	**733.3**
Non-current assets - 2009*	65.2	326.1	147.0	144.0	28.0	710.3
Non-current assets - 2008*	24.8	376.7	142.7	142.8	15.8	702.8
Other segmental information						
Capital Investment - 2010	2.5	6.4	5.9	6.5	0.8	**22.1**
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

The 2008 capital investment figures include goodwill impairment.

* In the 2009 annual report, the geographical segmental analysis in respect of 2009 and 2008 was shown for total assets, rather than for non-current assets only, as required by IFRS 8.

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

Kingspan has a presence in over 40 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and are highlighted separately on the basis of materiality.

8. EMPLOYEES

a) Employee Numbers

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

	2010 Number	2009 Number
Production	**3,052**	3,183
Sales and distribution	**1,052**	937
Management and administration	**786**	929
	4,890	5,049

At year end, the total numbers employed by the Group were 4,869 (2009: 4,758).

Notes to the Financial Statements as at 31 December 2010

8. EMPLOYEES (cont'd)

b) Employee Costs

The staff costs were:

	2010 €'000	2009 €'000
Wages and salaries	**171,148**	167,066
Social welfare costs	**17,059**	18,284
Pension costs - defined contribution	**7,005**	6,271
Pension costs - defined benefit (Note 40)	**(504)**	103
Share based payments	**4,478**	2,800
	199,186	194,524

c) Employee Share Based Compensation

As at 31 December 2010 the Group maintained three share-based payment schemes for employee compensation.

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

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

The third arrangement, the Performance Share Plan ("PSP"), is a new scheme which replaced 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:

	2010 Number of Options	**2010 Weighted average exercise price**	**2009 Number of Options**	**2009 Weighted average exercise price**
Outstanding at 1 January	**9,055,728**	**€8.43**	7,860,391	€10.11
Granted LTIP	**-**	**-**	-	-
Granted SSOS	**-**	**-**	-	-
Granted PSP	**1,526,672**	**€0.13**	1,718,148	€0.13
Lapsed/Forfeited LTIP	**(118,799)**	**€0.13**	(77,731)	€0.13
Lapsed/Forfeited SSOP	**(673,072)**	**€11.80**	(211,080)	€12.35
Lapsed/Forfeited PSP	**-**	**-**	-	-
Exercised LTIP	**(59,604)**	**€0.13**	-	-
Exercised SSOP	**(192,207)**	**€3.08**	(234,000)	€2.93
Exercised PSP	**-**	**-**	-	-
Outstanding at 31 December	**9,538,718**	**€7.13**	9,055,728	€8.43

The weighted average share price at date of exercise of options during the year was €6.12.
The weighted average fair value of options granted in the year was €4.62.

Notes to the Financial Statements as at 31 December 2010

8. EMPLOYEES (cont'd)

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

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	6.3

Notes to the Financial Statements as at 31 December 2010

8. EMPLOYEES (cont'd)

Of the 2010 Options, the following were exercisable at the year end:

		2010 Number of Options	2010 Weighted average exercise price	2010 Weighted average remaining contractual life
PSP				
	€0.13	-	-	-
LTIP				
	€0.13	50,258	€0.13	1.4
SSOS				
	€1.35- €3.30	363,207	€2.74	2.6
	€5.65- €9.35	1,317,696	€5.99	3.9
	€10.90- €17.82	2,711,218	€14.73	5.9
	€19.00- €21.20	509,456	€19.23	6.7
		4,901,477	€11.96	5.2

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

	At grant date
Share price at grant date	5.55 cent
Exercise price per share	0.13 cent
Expected volatility	53%
Expected dividend Yield	0.72%
Risk-free rate	2.80%
Expected life	3.0

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

The Group recognised an expense of €4,478,000 (2009: expense of €2,800,000) 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 this expense.

9. FINANCE COST AND FINANCE INCOME

	2010 €'000	2009 €'000
Finance cost		
Bank Loans	**10,388**	12,641
Hire purchase and finance leases	**13**	6
Fair value movement on derivative financial instrument	**(7,215)**	-
Translation loss on private placement debt	**9,912**	-
Net defined benefit pension scheme	**(504)**	103
	12,594	12,750
Finance income		
Interest earned	**(854)**	(1,848)
Fair value movement on derivative financial instrument	**-**	6,959
Translation gain on private placement debt	**-**	(11,881)
	(854)	(6,770)
Net finance cost	**11,740**	5,980

Borrowing costs capitalised during the year amounted to €nil (2009: €nil).

Notes to the Financial Statements as at 31 December 2010

10. PROFIT FOR THE YEAR BEFORE TAX

	2010 €'000	2009 €'000
The profit for the year is stated after charging / (crediting):		
Distribution expenses	**60,972**	54,566
Operating lease payments	**2,668**	2,022
Product development costs (total, including payroll)	**4,741**	3,872
Depreciation	**35,623**	36,088
Amortisation of intangible assets	**4,611**	4,396
Foreign exchange (gains)/losses	**(2,425)**	(2,887)
Loss/(profit) on sale of tangible assets	**(548)**	(702)
Non-trading items*		
Redundancy	**4,606**	5,601
Auditors' Remuneration		
Audit	**1,061**	999
Tax advisory	**444**	396
Other Assurance	**108**	115

* The non-trading items consist of redundancy costs. In the prior year financial statements these were not categorised as non-trading items. A segmental analysis of these costs is set out below:

Other Segment Information	**Insulated Panels €'000**	**Insulation Boards €'000**	**Environmental & Renewables €'000**	**Access Floors €'000**	**TOTAL €'000**
2010	**2,733**	**1,170**	**703**	**-**	**4,606**
2009	4,550	160	483	408	5,601

11. DIRECTORS' REMUNERATION

Executive directors

	Basic Salary €'000	**Benefit in kind and other allowances[1] €'000**	**Performance related bonus €'000**	**Pension contributions[2] €'000**	**2010 Total €'000**	**2009 Total €'000**
Gene M. Murtagh	635	26	635	95	**1,391**	756
Dermot Mulvihill	419	26	419	606	**1,470**	969
Russell Shiels[3]	293	25	292	119	**729**	591
Peter Wilson[3]	256	14	256	141	**667**	460
Noel Crowe	280	17	112	42	**451**	338
Louis Eperjesi	-	-	-	-	-	518
	1,883	108	1,714	1,003	**4,708**	3,632
Charge to Consolidated Income Statement re share options					**1,035**	200
					5,743	3,832

Non-executive directors

	2010 Fees €'000	**2010 Pension €'000**	2009 Fees €'000	2009 Pension €'000
Eugene Murtagh	**191**	**143**	191	143
Brendan Murtagh[4]	**29**	**-**	70	-
Tony McArdle	**70**	**-**	70	-
David Byrne	**70**	**-**	70	-
Brian Hill	**70**	**-**	70	-
Helen Kirkpatrick	**70**	**-**	70	-
Danny Kitchen	**70**	**-**	58	-
Brian Joyce[4]	**-**	-	6	-
Eoin McCarthy[4]	**-**	-	29	-
	570	**143**	634	143

(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 2010 salaries and remuneration have been converted to Euro at the following rates USD: 1.328 STG 0.859
Russell Shiels' basic salary was $388,000 (2009: $388,000), Peter Wilson's basic salary was £220,000 (2009: £220,000)
(4) Brendan Murtagh retired as a non-executive director on 13 May 2010.
Brian Joyce retired as a non-executive director on 30 January 2009.
Eoin McCarthy retired as a non-executive director on 14 May 2009.

Notes to the Financial Statements as at 31 December 2010

11. DIRECTORS' REMUNERATION (cont'd)

Number of directors at year end	2010	2009
Executive directors	**5**	5
Non-executive directors	**6**	7
Total	**11**	12

Average number of directors during the year	2010	2009
Executive directors	**5**	6
Non-executive directors	**6**	7
Total	**11**	13

12. INCOME TAX EXPENSE

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

Current tax expense	2010 €'000 Total	2009 €'000 Total
- Irish	**-**	-
- Overseas	**12,337**	14,878
Adjustment in respect of prior years*	**(8,462)**	(6,308)
	3,875	8,570
Deferred taxation	**2,722**	142
	6,597	8,712

Reconciliation of average effective tax rate to applicable tax rate	€'000	€'000
Profit before tax	**55,665**	56,679
Tax charge expressed as a percentage of profit before tax:		
- current tax expense only	**7.0%**	15.1%
- total income tax expense (current and deferred)	**11.9%**	15.4%

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 tax purposes	**12.3%**	15.5%
Items not subject to tax	**(14.7%)**	(13.3%)
Net effect of differing tax rates	**13.0%**	15.5%
Deferred Tax	**4.9%**	0.3%
Other items	**(16.1%)**	(15.1%)
Total effective tax rate	**11.9%**	15.4%

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.

*Adjustments in respect of prior years primarily arise as a result of the Group finalising an Advance Pricing Agreement and the resolution of other tax matters in overseas jurisdictions.

Notes to the Financial Statements as at 31 December 2010

13. EARNINGS PER SHARE

	2010 €'000	2009 €'000
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**48,657**	47,658

	Number of shares ('000) 2010	Number of shares ('000) 2009
Weighted average number of ordinary shares for the calculation of basic earnings per share	**166,385**	166,116
Dilutive effect of share options	**3,759**	2,326
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**170,144**	168,442

	2010 € cent	2009 € cent
Basic earnings per share	**29.2**	28.7
Diluted earnings per share	**28.6**	28.3

The number of options which are anti-dilutive and have therefore not been included in the above calculations are 5,779,304.

14. GOODWILL

As at 31 December 2010	**€'000**
At 1 January	**300,021**
Additions relating to current year acquisitions	**205**
Impairment loss recognised	**-**
Net exchange difference	**17,990**
Carrying amount 31 December 2010	**318,216**
At 31 December 2010	
Cost	**360,864**
Accumulated impairment losses	**(42,648)**
Net carrying amount	**318,216**
As at 31 December 2009	
At 1 January	284,581
Additions relating to current year acquisitions	7,175
Adjustments*	(3,710)
Impairment loss recognised	-
Net exchange difference	11,975
Carrying amount 31 December 2009	300,021
At 31 December 2009	
Cost	342,669
Accumulated impairment losses	(42,648)
Net carrying amount	300,021

*The adjustments relate primarily to the correction of an error in the original accounting for a 2008 acquisition (€2.8mn), plus the release of deferred consideration (€1mn).

Notes to the Financial Statements as at 31 December 2010

14. GOODWILL (cont'd)

As at 31 December 2008	€'000
At 1 January	303,966
Additions	54,117
Fair value adjustment **	4,804
Impairment loss recognised	(39,554)
Net exchange difference	(38,752)
	284,581

At 31 December 2008	
Cost	327,229
Accumulated impairment losses	(42,648)
Net carrying amount	284,581

**There was a fair value adjustment of €4,804k identified in 2009 relating to an acquisition made in 2008. This was shown as a 2009 increase to goodwill in the 2009 annual report, and in accordance with IFRS 3 this has now been reflected as a 2008 adjustment. Corresponding adjustments have been made to the Plant & Machinery (reduced by €6,174k), Inventory (reduced by €1,356k) and Deferred Tax liability (reduced by €2,726k).

Goodwill acquired during the year
Goodwill arose during the year on the purchase of a business by Environmental & Renewables Division.

Impairment Testing
Goodwill is tested for impairment at the same level as the goodwill is monitored by management, which is either at the individual or combination CGU level. For this purpose, 11 CGUs have been identified in the Group (2009: 8, 2008: 10).

The additional 3 CGUs compared to 2009 comprise the Offsite Timberframe business, the Australian Insulation Boards business, and the Australia/New Zealand Panels business each of which meet the criteria for the recognition of a CGU in IAS 36 Impairment of Assets. However these 11 CGUs convert into 8 for the purposes of the goodwill impairment exercise, because the Offsite Timberframe CGU and the Australian Insulation Boards CGU are both tested as part of the Insulation Boards goodwill impairment test and the Australia/New Zealand Panels CGU is tested as part of the Insulated Panels goodwill impairment test, to reflect the manner in which the related goodwill is monitored by management for internal reporting purposes.

Segments	CGUs	Name of CGUs
Insulated Panels	4	Insulated Panels Western Europe, CEMEI, Panels North America, Panels Aus/NZ
Insulation Boards	3	Insulation, Insulation Australia, Offsite Timberframe
Environmental & Renewables	2	Environmental/Europe, HWS/Renewables
Access Floors	2	KAF, Access Floors North America
Total cash-generating units	11	

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

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

No impairment losses were recognised by the Group in 2010 (2009: NIL; 2008: €39.6mn). Goodwill impairment charges, where they arise, are included within operating costs in the Consolidated Income Statement.

The impairment testing carried out on the goodwill in the balance sheet at 31 December 2010 identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value.

Notes to the Financial Statements as at 31 December 2010

14. GOODWILL (cont'd)

Impairment Testing Methodology

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

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

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

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

Sensitivity analysis

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

- 10% change in annual average growth rate of sales with appropriate reduction in the appropriate EBITDA margin
+/- 1-2% change in discount rate applied to cashflows.

The key sensitivity for the impairment calculation is the growth in sales and EBITDA margin. Applying these techniques, no impairment arose in 2010.

Significant Goodwill

CGUs or combinations of CGUs for which the carrying amount of goodwill is significant for the purposes of impairment testing in comparison with the Group's total carrying amount of goodwill are those where the percentage is greater than 20% of the total. The additional disclosures for these CGUs which are required are as follows:

	Panels North America			Panels Western Europe		
	2010 €'000	2009 €'000	2008 €'000	**2010 €'000**	2009 €'000	2008 €'000
Carrying amount of goodwill	**75,051**	68,893	62,632	**64,946**	60,551	47,669
Carrying amount of intangible assets with indefinite useful lives	**Nil**	Nil	Nil	**Nil**	Nil	Nil
Basis upon which recoverable amount assessed	discounted cash flows			discounted cash flows		
Discount rate	**9.3%**	8.8%	8.8%	**9.3%**	8.8%	8.8%
% EBIDTA would need to drop by for an impairment to arise	**71%**	51%	75%	**80%**	69%	61%

15. OTHER INTANGIBLE ASSETS

As at 31 December 2010

Cost	**Patents €'000**	**Brands €'000**	**Technical Know-how €'000**	**Other Intangibles €'000**	**Total €'000**
At 1 January	5,778	12,416	157	9,761	**28,112**
Additions	35	-	-	92	**127**
Net exchange difference	-	439	-	633	**1,072**
At 31 December	**5,813**	**12,855**	**157**	**10,486**	**29,311**
Accumulated amortisation					
At 1 January	(5,778)	(7,237)	(58)	(4,734)	**(17,807)**
Charge for year	(2)	(1,846)	(22)	(2,741)	**(4,611)**
Net exchange difference	-	(256)	-	(180)	**(436)**
At 31 December	**(5,780)**	**(9,339)**	**(80)**	**(7,655)**	**(22,854)**
Net book value	**33**	**3,516**	**77**	**2,831**	**6,457**

Notes to the Financial Statements as at 31 December 2010

15. OTHER INTANGIBLE ASSETS (cont'd)

As at 31 December 2009

Cost	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	5,778	12,121	156	8,658	26,713
Additions	-	-	-	1,260	1,260
Net exchange difference	-	295	1	(157)	139
At 31 December	5,778	12,416	157	9,761	28,112
Accumulated amortisation					
At 1 January	(5,702)	(5,372)	(35)	(2,436)	(13,545)
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)	(17,807)
Net book value	-	5,179	99	5,027	10,305

As 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	27,594
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	26,713
Accumulated amortisation					
At 1 January	(5,319)	(6,213)	(326)	(1,572)	(13,430)
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)	(13,545)
Net book value	76	6,749	121	6,222	13,168

Notes to the Financial Statements as at 31 December 2010

16. 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 are as follows:

	2010 €'000	**2009 €'000**
Non-current assets	**5,141**	6,319
Current assets	**6,045**	5,532
	11,186	11,851
Non-current liabilities	**(1,717)**	(1,718)
Current liabilities	**(6,620)**	(5,571)
	(8,337)	(7,289)
Income	**17,425**	17,174
Expenses	**(16,057)**	(14,829)
Profit for the year before tax	**1,368**	2,345
Income tax expense	**(3)**	(22)
Net result for the year	**1,365**	2,323

17. PROPERTY, PLANT AND EQUIPMENT

GROUP

As at 31 December 2010 **Cost or valuation**	**Land and buildings €'000**	**Plant and machinery €'000**	**Motor vehicles €'000**	**Total €'000**
At 1 January	229,455	456,330	10,552	**696,337**
Acquisitions through business combinations	-	-	16	**16**
Additions	3,199	17,380	1,545	**22,124**
Disposals	(825)	(5,677)	(2,542)	**(9,044)**
Reclassification	5,119	(6,643)	25	**(1,499)**
Reanalysed as "held for sale" (Note 21)	(2,121)	-	-	**(2,121)**
Reanalysed from 2009 "held for sale" (Note 21)	20,334	-	-	**20,334**
Translation adjustment	6,705	18,306	287	**25,298**
At 31 December	261,866	479,696	9,883	**751,445**
Depreciation				
At 1 January	(36,525)	(253,103)	(6,720)	**(296,348)**
Charge for year	(6,156)	(27,802)	(1,665)	**(35,623)**
Disposals	109	4,296	2,264	**6,669**
Impairment	(675)	(1,994)	(13)	**(2,682)**
Reclassification	1,919	(398)	(22)	**1,499**
Reanalysed as "held for sale" (Note 21)	463	-	-	**463**
Reanalysed from 2009 "held for sale" (Note 21)	(4,936)	-	-	**(4,936)**
Translation adjustment	(1,408)	(10,259)	(188)	**(11,855)**
At 31 December	(47,209)	(289,260)	(6,344)	**(342,813)**
Net book value	214,657	190,436	3,539	**408,632**

Included within the cost of plant and machinery are assets in the course of construction to the value of €5,159,722 (2009: €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 €34,337 (2009: 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.

Notes to the Financial Statements
as at 31 December 2010

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

Impairment provisions

The impairments recognised in the year amount to €2,682,196 (2009: €6,782,903) (2008: €Nil) of which €674,756 relates to land and buildings, €1,994,037 to plant and machinery and €13,403 relates to motor vehicles. The impairments were required in order to reduce the carrying value of the assets to reflect market value based on up to date valuations.

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

	€
NBV	798,109
Depreciation	6,448

As at 31 December 2009 (as restated)	Land and buildings	Plant and machinery	Motor vehicles	Total
Cost or valuation	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January	238,593	428,180	11,064	677,837
Acquisitions through business combinations	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)
Reanalysed as "held for sale" (Note 21)	(25,014)	-	-	(25,014)
Translation adjustment	7,624	14,444	231	22,299
At 31 December	229,455	456,330	10,552	696,337
Depreciation				
At 1 January	(35,298)	(230,539)	(7,105)	(272,942)
Acquisitions through business combinations	(16)	(202)	(28)	(246)
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 21)	6,004	-	-	6,004
Translation adjustment	(2,714)	(4,501)	504	(6,711)
At 31 December	(36,525)	(253,103)	(6,720)	(296,348)
Net book value	192,930	203,227	3,832	399,989

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

	€
NBV	2,822,691
Depreciation	521,742

Notes to the Financial Statements as at 31 December 2010

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

As at 31 December 2008 (as restated)	**Land and buildings**	**Plant and machinery**	**Motor vehicles**	**Total**
Cost or valuation	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January	231,502	414,315	11,911	657,728
Acquisitions of business entities	19,684	28,438	-	48,122
Fair value adjustments *	-	(6,174)	-	(6,174)
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	428,180	11,064	677,837
Depreciation				
At 1 January	(31,795)	(220,758)	(6,487)	(259,040)
Acquisitions 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	40,060
At 31 December	(35,298)	(230,539)	(7,105)	(272,943)
Net book value	203,295	197,641	3,959	404,894

* The fair value adjustment had incorrectly been included as additional depreciation in the 2009 annual report, instead of as a reduction to the cost of the plant & machinery. The adjustment related to the finalisation of the IFRS 3 valuation exercise, which should have been reflected in the 2008 figures, rather than in 2009.

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

	€
NBV	2,493,115
Depreciation	82,606

18. FINANCIAL ASSETS & INVESTMENTS IN SUBSIDIARIES

		GROUP	
	2010	2009	2008
	€'000	€'000	€'000
Long term financial assets:			
Unlisted investments (at cost)	**10**	10	210
	10	10	210

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

		COMPANY	
		Restated	Restated
	2010	2009	2008
	€'000	€'000	€'000
Investments in Subsidiaries:			
At 1 January	**1,077,459**	26,943	11,960
Prior year adjustment re 2007 and prior (share options adjustment)	**-**	-	13,110
	1,077,459	26,943	25,070
Prior year adjustment re 2008 (share options adjustment)	**-**	-	2,373
	1,077,459	26,943	27,443
Additions	**-**	1,059,001	-
Share options adjustment	**3,708**	1,199	-
Disposals	**(1,777)**	(9,684)	(500)
At 31 December	**1,079,390**	1,077,459	26,943

The share options adjustments reflect the fair value of employee services attributable to subsidiary undertakings, which are treated as capital contributions by the parent.

Notes to the Financial Statements as at 31 December 2010

19. INVENTORIES

	2010 €'000	2009 €'000	Restated 2008 €'000
Raw materials and consumables	**102,699**	94,750	129,293
Work in progress	**2,217**	1,572	2,824
Finished goods	**42,527**	36,921	44,695
Inventory provision	**(18,408)**	(22,422)	(19,052)
	129,035	110,821	157,760

The 2008 raw materials and consumables figure has been restated to show the reduction of €1,356k arising from the finalisation of the fair value exercise on the 2008 acquisition. It had been incorrectly shown as a 2009 adjustment in the 2009 annual report.

A total of €720.3mn of inventories was included in the Consolidated Income Statement as an expense (2009: €598.5mn) (2008:€963.5mn). This includes an amount of €4mn arising from the reversal of impairment provisions (2009: €3.4mn write down of inventories) (2008: €14mn write down of inventories). Inventory impairment provision levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts. In 2010, certain inventory items which had been partially provided against were re-engineered and sold for amounts greater than previously estimated. Certain other inventory items, which had previously been impaired on the basis of age, were sold for amounts greater than carrying value. These sales resulted in the reversal of provisions in the amount of approximately €4mn.

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

20. TRADE AND OTHER RECEIVABLES

	GROUP			COMPANY		
	2010 €'000	2009 €'000	2008 €'000	2010 €'000	2009 €'000	2008 €'000
Amounts falling due within one year:						
Trade receivables, gross	**238,205**	204,167	285,587	**-**	-	
Provision for impairment	**(20,158)**	(23,096)	(19,096)	**-**	-	-
Trade receivables, net	**218,047**	181,071	266,491	**-**	-	-
Other receivables	**5,652**	11,846	17,151	**-**	-	-
Prepayments	**12,650**	10,588	15,547	**-**	-	2
Amounts due from subsidiaries	**-**	-		**257,546**	263,652	60,737
	236,349	203,505	299,189	**257,546**	263,652	60,739

Included in prepayments is the derivative financial asset of €69,908 relating to forward contracts.

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 €20,158,289 (2009: €23,096,000) has been recorded accordingly. The movement on the provision is analysed as follows:

	2010 €'000	2009 €'000	2008 €'000
At 1 January	**23,096**	19,096	13,389
Translation adjustment	**355**	1,000	(3,315)
Arising on acquisition	**-**	-	1,636
Provided during the year	**10,939**	10,375	10,131
Written off during the year	**(1,403)**	(8,000)	(2,862)
Released during the year	**(12,829)**	625	117
At 31 December	**20,158**	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.

Aged Analysis

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:

	GROUP		
	2010 €'000	2009 €'000	2008 €'000
Neither past due nor impaired			
- Less than 90 days due	**146,644**	110,089	154,168
- Greater than 90 days due	**8,737**	4,950	4,190
Past due but not impaired			
- 0 to 60 days	**39,475**	53,941	77,056
- 60+ days	**12,139**	8,437	12,755
Past due and impaired (fully or partially)	**31,210**	26,750	37,418
	238,205	204,167	285,587

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is €111,577 (2009: 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.

Notes to the Financial Statements as at 31 December 2010

21. ASSETS HELD FOR SALE

	GROUP 2010 €'000	2009 €'000	2008 €'000
Property:			
Insulated Panels	**-**	1,688	-
Insulation Boards	**947**	7,840	-
Environmental & Renewables	**711**	9,482	-
	1,658	19,010	-

	2010 €'000	2009 €'000	2008 €'000
Opening Balance	**19,010**	-	-
Reclassified (to)/from Fixed Assets	**(13,740)**	19,010	-
Disposal	**(3,612)**	-	-
Closing Balance	**1,658**	19,010	-

In June 2009, the Group classified certain properties as assets held for sale, arising from restructuring activity. The sales were expected to complete during 2010 and the other conditions in IFRS 5 were met. Consequently the assets were required to be classified as held for sale as at 31 December 2009. However the bulk of these properties had not been sold in the period to June 2010 and were reclassified back to fixed assets in the Interim Report for the period to 30 June 2010. At 31 December 2010 €1,658k of the properties again meet the requirements of IFRS 5 for classification as held-for-sale assets in that their sale has been assessed as highly probable (as binding sale contracts have been signed), and have been reclassified accordingly. The disposals are expected to be completed on or before 30 June 2011.

Once reclassified as held-for-sale, the properties are no longer depreciated.

22. TRADE AND OTHER PAYABLES

Amounts falling due within one year	GROUP 2010 €'000	Restated 2009 €'000	2008 €'000
Trade payables	**93,024**	85,228	128,018
Accruals and deferred income	**100,642**	89,747	96,104
Irish income tax & social welfare	**619**	299	348
Other income tax & social welfare	**7,622**	6,581	7,192
Value added tax	**753**	7,716	4,367
	202,660	189,571	236,029

Included in prepayments is the derivative financial asset of €69,908 relating to forward contracts. In 2009 a derivative financial liability of €388,642 was included in accruals.

The 2009 accruals and deferred income figure has been restated to reflect the reclassification of €1.5mn from accruals to litigation provisions (see Note 26).

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

23. INTEREST BEARING LOANS AND BORROWINGS

	GROUP 2010 €'000	2009 €'000	2008 €'000
Current financial liabilities			
Bank loans and overdrafts (unsecured)	**13,463**	30,482	14,914
Finance lease and hire purchase obligations	**796**	1,381	1,943
	14,259	31,863	16,857

Notes to the Financial Statements as at 31 December 2010

23. INTEREST BEARING LOANS AND BORROWINGS (cont'd)

	GROUP		
	2010	2009	2008
	€'000	€'000	€'000
Non-current financial liabilities			
Bank loans (unsecured)	**213,671**	201,141	345,249
Repayment schedule of non-current financial liabilities			
Bank loans repayable:			
- between one and two years	-	-	-
- between two and three years	-	-	3,432
- between three and four years	**62,866**	59,812	-
- between four and five years	**117,770**	-	190,196
- after more than five years	**33,035**	141,329	151,621
	213,671	201,141	345,249
Instalment payments			
Loans fully repayable within 5 years:			
- not by instalments	**194,895**	91,675	210,485
- by instalments	-	-	-
	194,895	91,675	210,485
Loans fully repayable in more than 5 years:			
- not by instalments	**33,035**	141,329	151,621
- by instalments	-	-	-
	33,035	141,329	151,621
Interest-bearing loans and borrowings (non-current and current)	**227,930**	233,004	362,106

The Group concluded a 5-year €330mn revolving credit facility in September 2008 with a syndicate of 6 international and domestic 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.

24. CONTINGENT DEFERRED CONSIDERATION

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

The movement in the provision is analysed as follows:

	GROUP		
	2010	2009	2008
	€'000	€'000	€'000
Opening balance	**3,307**	12,770	11,101
Translation adjustment	**478**	499	(1,166)
Arising on current year acquisitions	**-**	1,821	6,871
Released during year	**(22)**	(587)	(1,515)
Amounts paid	**(982)**	(11,196)	(2,521)
Closing balance	**2,781**	3,307	12,770

Of the amount due at the reporting date, €NIL is due after one year (2009: €2,609,000) (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 deferred consideration approximates to its fair value.

Notes to the Financial Statements as at 31 December 2010

25. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

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

The Group's core funding is provided by a private placement of US$200mn, of which US$158mn matures in March 2015 and a further US$42mn in March 2017.

In addition the Group has a committed revolving credit facility of €330m maturing in September 2013, of which c. €60.7mn 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. These covenant tests have been met for the covenant test period to 31 December 2010.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total c. €55mn and are mostly supported by a Group guarantee.

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

	Carrying amount 2010 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	78,129	78,129	13,535	-	62,865	1,729
Private placement loan notes	149,075	182,985	6,384	6,384	136,311	33,906
Finance lease liabilities	796	796	796	-	-	-
Trade and other payables	202,660	202,660	202,660	-	-	-
Deferred consideration	2,781	2,781	2,781	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging						
- outflow	-	314	252	62	-	-
- inflow	-	56	45	11	-	-

Included in the contractual cash flows for the USD200mn private placement debt are cash flows under the cross currency interest rate swap as follows:

- outflow	-	182,985	6,384	6,384	136,311	33,906
- inflow	-	187,146	7,727	7,727	137,911	33,781

	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
Non derivative financial instruments						
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 USD200mn 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	-	182,455	7,234	7,234	21,703	146,284

Notes to the Financial Statements
as at 31 December 2010

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

	Carrying amount 2008 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	208,704	210,147	13,124	-	197,023	-
Private placement loan notes	151,458	195,527	6,349	6,349	19,048	163,781
Finance lease liabilities	1,943	1,943	1,302	641	-	-
Trade and other payables	236,029	236,029	236,029	-	-	-
Deferred consideration	12,770	12,770	4,980	7,790	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging						
- outflow	-	737	247	245	245	-
- inflow	-	618	206	206	206	-

Included in the contractual cash flows for the USD200mn private placement debt are cash flows under the cross currency interest rate swap as follows:

- outflow	-	195,527	6,349	6,349	19,048	163,781
- inflow	-	196,819	7,506	7,506	22,519	159,288

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. €72k that will be payable at the next drawdown rollover date 10 January 2011, as that is the extent of the Group's contractual cashflow obligation at 31 December 2010.

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, 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

This 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 2011, it is estimated that the Group is long c. GBP£14mn against EUR. At 31 December 2010 hedges were in place covering c.85% of this exposure. The Group is short c.USD$23mn against GBP. At 31 December 2010 hedges were in place covering c. 45% 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

This exists due to the fact that the Group has operations whose functional currency is not the EUR, the Parent's functional currency.
Changes in the exchange rate between the reporting currencies of these operations and the EUR, have an impact on the Group's consolidated reported result. For 2010, the impact of changing FX rates versus EUR compared to the average 2009 rates was positive €3.3mn. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Statement of Financial Position risk

This 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 €31mn (positive) for 2010 and has been taken through other comprehensive income. 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, which was mainly Euro denominated when the private placement was raised, and had mostly Euro cash flow, wished to economically hedge the risk and therefore entered into US dollar fixed/Euro fixed cross currency interest rate swaps for the full amount of the private placement with semi-annual interest payments with a weighted average interest rate of 4.15%. The maturity dates of these cross currency interest rate swaps is identical to the maturity date of the private placement debt.

Notes to the Financial Statements
as at 31 December 2010

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

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

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

Interest rate risk

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

At 31 December 2010, the Group's private placement debt of €151mn (swapped from USD200mn) 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 year-end 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 2010

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

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

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

	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

Notes to the Financial Statements as at 31 December 2010

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

As at 31 December 2008

	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	6.84%	982	-	982	982	-
Bank loans	5.27%	190,196	14,482	175,714	190,196	-
Loan notes	4.15%	151,458	151,458	-	-	151,458
Other loans	8.80%	15,869	-	15,869	15,869	-
		358,505	165,940	192,565	207,047	151,458

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	284,435	151,458	132,977
USD	73,425	14,482	58,943
Others	645	-	645
	358,505	165,940	192,565

Weighted average fixed period debt in years ***4.3 years***

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:

	2010 €'000	2009 €'000	2008 €'000
Cash & cash equivalents	**104,402**	83,886	75,254
Trade and other receivables	**236,279**	203,505	292,531
Derivative financial assets	**2,782**	-	6,658

Cash & cash equivalents

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

Financial instruments by category

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

2010	Loans and receivables €'000	Derivatives designated as hedging instruments €'000	Other (non IAS 39) €'000	Total €'000
Current:				
Trade receivables	218,047	-	-	**218,047**
Other receivables	-	-	5,652	**5,652**
Prepayments	-	70	12,580	**12,650**
Cash and cash equivalents	104,402	-	-	**104,402**
Derivative Financial Instrument	-	1,407	-	**1,407**
Total for category	322,449	1,477	18,232	**342,158**

Notes to the Financial Statements as at 31 December 2010

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

2009	Loans and receivables €'000	Derivatives designated as hedging instruments €'000	Other (non IAS 39) €'000	Total €'000
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

2008	Loans and receivables €'000	Derivatives designated as hedging instruments €'000	Other (non IAS 39) €'000	Total €'000
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

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

2010	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
Current:					
Borrowings	-	14,259	-	-	**14,259**
Trade payables	-	-	-	93,024	**93,024**
Accruals and deferred income	-	-	-	100,642	**100,642**
Derivative financial instrument	-	-	-	-	-
Total for category	-	14,259	-	193,666	**207,925**
Non current:					
Borrowings	-	213,671	-	-	**213,671**
Derivative financial instrument	-	-	-	-	-
	-	213,671	-	-	**213,671**
2009					
Current:					
Borrowings	-	31,863	-	-	31,863
Trade payables	-	-	-	85,228	85,228
Accruals and deferred income*	-	-	389	89,358	89,747
Derivative financial instrument	917	-	-	-	917
Total for category	917	31,863	389	174,586	207,755
Non current:					
Borrowings	-	201,141	-	-	201,141
Derivative financial instrument	6,042	-	-	-	6,042
	6,042	201,141	-	-	207,183

*The 2009 total has been restated to reclassify €1.5mn into provisions (see Note 26).

Notes to the Financial Statements as at 31 December 2010

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

2008	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
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 2010 and 2009 year ends.

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

26. PROVISIONS FOR LIABILITIES AND CHARGES

	2010 €'000	Restated 2009 €'000	Restated 2008 €'000
Guarantees and warranties	**49,380**	59,059	56,467
Litigation provisions	**9,421**	1,500	-
Total	**58,801**	60,559	56,467
Current liability	**50,683**	47,566	49,126
Non-current liability	**8,118**	12,993	7,341
	58,801	60,559	56,467

Guarantees and warranties

	2010 €'000	Restated 2009 €'000	Restated 2008 €'000
At beginning of year	**59,059**	56,467	54,670
Acquisitions	-	201	1,886
Provided during year	**17,808**	22,165	30,060
Claims paid	**(19,623)**	(18,662)	(17,722)
Provisions released	**(10,066)**	(3,660)	(3,409)
Translation adjustment	**2,202**	2,548	(9,018)
At 31 December	**49,380**	59,059	56,467
Current liability	**41,262**	47,566	49,126
Non-current liability	**8,118**	11,493	7,341
	49,380	59,059	56,467

The 2008 and 2009 comparatives have been restated to show the split between current and non-current which was not previously disclosed.

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

For the non-current element of the provision, the Group anticipates that these will be utilised within 3 years of the consolidated Statement of Financial Position date. Discounting of the non-current element has not been applied because the discount would be insignificant. However, discounting may apply in the future if the non-current element of the provision becomes significant such that the discounting impact would be material.

Notes to the Financial Statements
as at 31 December 2010

26. PROVISIONS FOR LIABILITIES AND CHARGES (cont'd)

Litigation Provisions

	2010 €'000	Restated 2009 €'000	2008 €'000
At beginning of year	**1,500**	-	-
Provided during year	**7,921**	1,500	-
At 31 December	**9,421**	1,500	

	2010 €'000	2009 €'000	2008 €'000
Current liability	**9,421**	-	-
Non-current liability	**-**	1,500	-
	9,421	1,500	-

The 2009 amount of €1.5mn was included within Accruals and Deferred Income in the 2009 annual report, and has been re-classified as a provision to conform with the current year presentation. The provision refers to ongoing litigation cases where the Group is the plaintiff. There are no litigation cases ongoing where the Group is a defendant which carry any potentially material costs.

27. 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**		
	2010 €'000	2009 €'000	2008 €'000	**2010 €'000**	Restated 2009 €'000	Restated 2008 €'000	**2010 €'000**	Restated 2009 €'000	Restated 2008 €'000
Plant, machinery and equipment	**1,146**	(698)	(766)	**(20,082)**	(16,560)	(14,826)	**(18,936)**	(17,258)	(15,592)
Other timing differences	**3,626**	2,938	1,994	**1,542**	706	1,883	**5,168**	3,644	3,877
Pension obligations	**-**	-	-	**459**	1,460	1,109	**459**	1,460	1,109
Unused tax losses	**828**	710	-	**294**	838	56	**1,122**	1,548	56
	5,600	2,950	1,228	**(17,787)**	(13,556)	(11,778)	**(12,187)**	(10,606)	(10,550)

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 2010 (2009: €Nil and 2008: €Nil).

The movement in the net deferred tax position for 2010 is as follows:	**Balance 1 Jan. 2010**	**Recognised in Income**	**Recognised in Equity**	**Translation adjustment**	**Arising on acquisitions**	**Transfer to DB Pension Liability**	**Balance 31 Dec. 2010**
Plant, machinery and equipment	(17,258)	446	-	(2,124)	-	-	(18,936)
Other timing differences	3,644	(1,091)	943	1,672	-	-	5,168
Pension obligations	1,460	(1,300)	279	20	-	-	459
Unused tax losses	1,548	(777)	-	351	-	-	1,122
	(10,606)	(2,722)	1,222	(81)	-	-	(12,187)

The movement in the net deferred tax position for 2009 is as follows:	**Balance 1 Jan. 2009**	**Recognised in Income**	**Recognised in Equity**	**Translation adjustment**	**Arising on acquisitions**	**Transfer to DB Pension Liability**	**Balance 31 Dec. 2009**
Plant, machinery and equipment	(15,592)	(276)	-	(1,390)	-	-	(17,258)
Other timing differences	3,877	(1,255)	-	1,022	-	-	3,644
Pension obligations	1,109	(41)	1,106	(714)	-	-	1,460
Unused tax losses	56	1,430	-	62	-	-	1,548
	(10,550)	(142)	1,106	(1,020)	-	-	(10,606)

The movement in the net deferred tax position for 2008 is as follows:	**Balance 1 Jan. 2008**	**Recognised in Income**	**Recognised in Equity**	**Translation adjustment**	**Arising on acquisitions**	**Transfer to DB Pension Liability**	**Balance 31 Dec. 2008**
Plant, machinery and equipment	(16,082)	(7,007)	-	5,469	2,028	-	(15,592)
Other timing differences	3,379	574	-	30	(106)	-	3,877
Pension obligations	2,099	(47)	452	(1,395)	-	-	1,109
Unused tax losses	72	(16)	-	-	-	-	56
	(10,532)	(6,496)	452	4,104	1,922		(10,550)

The 2009 annual report disclosed the deferred tax asset relating to pension obligations as part of the net pension liability instead of being included in the closing deferred tax balance. The 2009 comparative has been restated. The 2008 comparative figures were correct regarding deferred tax in relation to pension obligations. There was a fair value adjustment of €4,804k identified in 2009 relating to an acquisition made in 2008. This was shown as a 2009 increase to goodwill in the 2009 annual report, and in accordance with IFRS 3 this has now been reflected as a 2008 adjustment. An adjustment has been made to the deferred tax liability which has been reduced by €2,726k in 2008.

Notes to the Financial Statements as at 31 December 2010

28. SHARE CAPITAL

	2010	2009	2008
Authorised	**€'000**	€'000	€'000
220,000,000 Ordinary shares of €0.13 each (2009: 220,000,000 shares) (2008: 220,000,000)	**28,600**	28,600	28,600
Issued and fully paid			
Ordinary shares of €0.13 each			
Opening balance - 171,503,951 shares (2009: 171,269,951) (2008: 170,353,862)	**22,296**	22,265	22,146
Share options exercised - 251,811 shares (2009: 234,000) (2008: 916,089)	**29**	31	119
Closing balance - 171,755,762 shares (2009: 171,503,951) (2008:171,269,951)	**22,325**	22,296	22,265

At 31 December 2010, the Group held 5,237,017 (2009: 5,237,017) (2008: 5,237,017) Treasury Shares in the Company.

29. SHARE PREMIUM ACCOUNT

	2010	2009	2008
	€'000	€'000	€'000
At 1 January	**36,486**	35,751	31,917
Employee share based compensation released on exercise (Note 33)	**733**	81	1,260
Premium on shares issued	**520**	654	2,574
At 31 December	**37,739**	36,486	35,751

30. OTHER RESERVES

		GROUP	
	2010	2009	2008
	€'000	€'000	€'000
At 1 January	**(178,742)**	(194,036)	(67,568)
Exchange differences on translating foreign operations	**30,725**	22,341	(131,424)
Cash flow hedging in equity			
- current year	**2,787**	(389)	6,658
- reclassification to profit and loss	**389**	(6,658)	(1,702)
At 31 December	**(144,841)**	(178,742)	(194,036)
Other reserves is analysed as follows at the year end:			
Translation adjustment	**(147,411)**	(178,136)	(200,477)
Cash flow hedging adjustment	**2,570**	(606)	6,441
	(144,841)	(178,742)	(194,036)

31. REVALUATION RESERVE

	2010	2009	2008
	€'000	€'000	€'000
At beginning and end of year	**713**	713	713

32. CAPITAL REDEMPTION RESERVE

	2010	2009	2008
	€'000	€'000	€'000
At beginning and end of year	**723**	723	723

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

Notes to the Financial Statements as at 31 December 2010

33. RETAINED EARNINGS

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	€'000	€'000	€'000	**€'000**	€'000	€'000
At 1 January (as previously reported)	**699,373**	651,841	681,754	**1,281,606**	28,943	30,674
Prior year adjustment	**-**	-	-	**-**	-	13,110
Adjusted balance	**699,373**	651,841	681,754	**1,281,606**	28,943	43,784
Retained profit/(loss) for the year	**48,657**	47,658	44,990	**(2,541)**	1,251,545*	58,874
Defined benefit pension scheme	**(998)**	(3,951)	(1,640)	**-**	-	-
Income taxes relating to items charged or credited to equity	**279**	1,106	452	**-**	-	-
Employee share based compensation	**4,478**	2,800	2,372	**4,478**	1,199	2,372
Tax on employee share based compensation	**943**	-	-	**-**	-	-
Employee share based compensation released on exercise	**(733)**	(81)	(1,260)	**(733)**	(81)	(1,260)
Share buyback	**-**	-	(32,565)	**-**	-	(32,565)
Dividends	**(6,661)**	-	(42,262)	**(6,661)**	-	(42,262)
At 31 December	**745,338**	699,373	651,841	**1,276,149**	1,281,606	28,943

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 Company is a profit on disposal of €1,049,316k realised on an internal re-organisation in 2009 (more detail provided in Note 41 Related Party Transaction) under which the Company transferred its shareholding in certain subsidiary companies to another Irish Group company. This profit is not regarded as distributable for the purposes of making a distribution.

Included within Company loss for the year is an amount of €1,777k relating to the write-down of the carrying value of investments in subsidiary companies.

34. DIVIDENDS

Dividends on Ordinary Shares are recognised in the Group's financial statements on a cash paid basis under IFRS.

An Interim Dividend on Ordinary Shares for the year ended 31 December 2010 of 4.0c per share (€6.7mn) was paid on 24 September 2010.

A Final Dividend on Ordinary Shares of 6.0c per share (€10mn) is being proposed for the year ended 31 December 2010 and subject to approval at the Group's AGM, will be paid on 16 May 2011 to shareholders on the register as at 18 March 2011.

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

DIVIDENDS		**2010**	2009
		€'000	€'000
Ordinary dividends			
Paid:	2010 Interim dividend 4 cent (2009: nil per share)	**6,661**	-
		6,661	-

35. NON-CONTROLLING INTEREST

	2010	2009*	2008
	€'000	€'000	€'000
At 1 January	**4,686**	1,825	3,230
Capital injection by non-controlling shareholder	**-**	4,000	(39)
Transfer to goodwill on acquisition of remaining balance of subsidiary	**-**	(1,447)	-
Dividends paid to non-controlling interest	**(166)**	(340)	(71)
Profit for the year allocated to non-controlling interest	**411**	309	(1,007)
Translation Adjustment	**17**	339	(288)
At 31 December	**4,948**	4,686	1,825

*The capital injection in 2009 relates to the Group's Turkish operation while the transfer to goodwill on acquisition of €1,447k arose on the buy-out by the Group of the minority stakeholder in the Australian Panels business.

Notes to the Financial Statements as at 31 December 2010

36. STATEMENT OF CASH FLOW ADJUSTMENTS

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

	2010 €'000	Restated 2009 €'000
Depreciation and amortisation of non-current assets	**40,234**	40,484
Impairment of non-current assets	**2,682**	6,783
Employee equity-settled share options	**4,478**	2,800
Finance income	**(854)**	(6,770)
Finance cost	**12,594**	12,750
Non cash items	**(2,364)**	(4,378)
Profit on sale of tangible assets	**(548)**	(702)
Total	**56,222**	50,967

Non cash items in 2009 included an amount of €6,783k in respect of impairment of non-current assets and €306k in respect of currency translation adjustments to depreciation and amortisation. These amounts have been reclassified to conform with the current year presentation.

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

	2010 €'000	2009 €'000
Increase/(decrease) in cash and bank overdrafts	**37,039**	(16,093)
Increase/(decrease) in debt, lease finance and contingent deferred consideration	**(2,016)**	151,252
Change in net debt resulting from cash flows	**35,023**	135,159
Loans and lease finance acquired with subsidiaries	**-**	(388)
Contingent deferred consideration arising on acquisitions in the period	**-**	(1,235)
Translation movement - relating to US dollar loan	**(9,498)**	11,881
Translation movement - other	**591**	1,780
Derivative financial instrument	**9,671**	(6,959)
Net movement	**35,787**	140,238
Net debt at start of the year*	**(159,384)**	(299,622)
Net debt at end of the year*	**(123,597)**	(159,384)

*The net debt figure above is presented net of the required fair value adjustments under IAS 39.

38. ACQUISITIONS

(a) Current year additions to goodwill
There was one minor acquisition in the year, involving the acquisition of a business based in the UK.

The total consideration for this business was €175,000 with net liabilities of €30,000 being acquired. This resulted in the recognition of goodwill of €205,000 (see Note 14). Due to the immaterial size of this acquisition, no further disclosure is considered to be necessary.

It is not anticipated that any additional fair value adjustments will arise.

(b) Prior Year Acquisitions
No adjustments were made to goodwill in 2010 in respect of the prior year acquisitions.

39. 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 €2,315,955 (2009: €4,027,315).

(ii) Guarantees and contingencies
The private placement loan notes ($200mn) and the revolving credit facility (€330mn, of which approximately €61mn 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 2010.

Notes to the Financial Statements
as at 31 December 2010

39. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (cont'd)

(iii) Leasing and hire purchase

	2010		2009		2008	
	Minimum payments €'000	**Present value of payments €'000**	Minimum payments €'000	Present value of payments €'000	Minimum payments €'000	Present value of payments €'000
Finance lease and hire purchase obligations						
- within 1 year	**-**	**796**	-	584	-	1,943
- 2 to 5 years	**-**	**-**	-	797	-	-
- greater than 5 years	**-**	**-**	-	-	-	-
Total minimum lease payments	**1,357**	**-**	1,503	-	2,195	-
Less: amounts allocated to future finance costs	**(561)**	**-**	(122)	-	(252)	-
Present value of minimum lease payments	**796**	**796**	1,381	1,381	1,943	1,943

	2010 Minimum payments €'000	2009 Minimum payments €'000	2008 Minimum payments €'000
Operating lease obligations are due as follows:			
- within 1 year	**2,857**	3,918	4,281
- between 1 - 5 years	**5,097**	9,243	15,507
- after 5 years	**-**	5,832	-
	7,954	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:

	2010 €'000	2009 €'000	2008 €'000
Contracted for	**3,875**	4,084	27,339
Not contracted for	**5,364**	3,726	14,380
	9,239	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:

	2010 €'000	2009 €'000	2008 €'000
Contracted for	**15**	11	560
Not contracted for	**-**	51	95
	15	62	655

40. PENSION OBLIGATIONS

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

Defined contribution schemes

The total cost charged to income of €7,004,855 (2009: €6,271,246) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €1,761,293 (2009: €1,748,299) was included at year end in Accruals and Deferred Income in respect of defined contribution pension accruals.

Defined benefit schemes

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

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

Notes to the Financial Statements as at 31 December 2010

40. PENSION OBLIGATIONS (cont'd)

Total pension contributions to these schemes for the year amounted to € 3,206,000 (2009: €2,928,000), and the expected contributions for 2011 are €2,459,302.

During the year €1,680,233 (2009: €1,993,000) 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 8. 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 performed as of 31 March 2010 and these have been updated to 31 December 2010 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.

Life expectancies	**2010**	2009	2008
Life expectancy for someone aged 65 in 2010 - Males	**21.8**	21.7	21.7
Life expectancy for someone aged 65 in 2010 - Females	**23.8**	24.0	24.0
Life expectancy at age 65 for someone aged 45 in 2010 - Males	**23.2**	22.8	22.8
Life expectancy at age 65 for someone aged 45 in 2010 - Females	**25.4**	24.9	24.9
Rate of increase in salaries	**n/a**	n/a	n/a
Rate of increase of pensions in payment	**3.35% p.a.**	3.3% p.a.	2.3%
Rate of increase for deferred pensioners	**3.5%/2.75% p.a.**	3.3% p.a.	2.3%
Discount rate	**5.3% p.a.**	5.7% p.a.	6.0%
Inflation assumption	**3.5% p.a.**	3.3% p.a.	2.3%

Asset Classes and Expected Rate of Return
The assets in the scheme and the expected rate of return for each year end were as follows:

Expected Return	**2010**	2009	2008
Equities	**7.5%**	7.7%	7.0%-8.0%
Bonds	**5.4%**	5.7%	6.7%
Cash	**0.5%**	0.5%	2.0%

Asset Classes as % of Total Scheme Assets	**2010**	2009	2008
Equities	**70.1%**	75.6%	73.7%
Bonds	**9.9%**	8.0%	25.1%
Cash	**0.2%**	15.9%	1.2%
Other	**19.8%**	0.5%	-
	100%	100%	100%

Net Pension Liability
The net pension liability is analysed as follows:

	2010	2009	2008
	€'000	€'000	€'000
Equities	**34,762**	39,710	29,291
Bonds	**4,900**	4,213	9,952
Cash	**9,812**	8,329	474
Other	**107**	267	-
Total market value of assets	**49,581**	52,519	39,717
Actuarial value of liability	**(51,209)**	(57,611)	(43,455)
Deficit in the scheme *	**(1,628)**	(5,092)	(3,738)
Related deferred tax asset	**456**	1,426	1,056

* The 2009 annual report disclosed the pension liability net of the deferred tax asset on the Statement of Financial Position (€3,666,000) rather than the gross figure of €5,092,000. The 2009 comparative has been restated. The 2008 comparative figures were correct.

Notes to the Financial Statements as at 31 December 2010

40. PENSION OBLIGATIONS (cont'd)

	2010 €'000	Restated 2009 €'000	2008 €'000
Analysis of amount included in other comprehensive income			
Actual return less expected return on scheme assets*	**3,010**	5,945	(12,310)
Experience (loss)/gain arising on scheme liabilities (present value)	**(980)**	397	(794)
Assumptions (loss)/gain arising on scheme liabilities (present value)*	**(3,028)**	(10,293)	11,464
Actuarial losses recognised in other comprehensive income	**(998)**	(3,951)	(1,640)

*The 2009 comparatives have been restated to correct an error in the previously reported figures. The Actual less Expected Return on Scheme assets was incorrectly reported as €5,121k. This has now been amended to €5,945k. The assumption (loss)/gain was incorrectly reported as €9,469k and has now been amended to €10,293k. The corrections do not affect the total actuarial loss reported in the Consolidated Statement of Comprehensive Income.

The cumulative actuarial loss recognised in other comprehensive income to date is €11,420,000 (2009: €10,422,000).

In 2010, the actual return on plan assets was €6,868,452 (2009: €8,631,000, but incorrectly reported in 2009 as €7,377,000)

Changes in present value of Defined Benefit Obligations	2010 €'000	2009 €'000	2008 €'000
At 1 January	**57,611**	43,455	67,880
Current service cost	**-**	-	(90)
Interest cost	**3,354**	2,789	3,641
Benefits paid	**(1,680)**	(1,993)	(1,490)
Settlement	**(14,091)**	-	-
Actuarial losses/(gains)	**4,005**	9,896	(10,696)
Exchange adjustments	**2,010**	3,464	(15,790)
At 31 December	**51,209**	57,611	43,455

Changes in present value of Scheme Assets during year	2010 €'000	2009 €'000	2008 €'000
At 1 January	**52,519**	39,717	61,371
Expected return on scheme assets	**3,858**	2,686	4,008
Employer contributions	**3,206**	2,928	2,611
Benefits paid	**(1,680)**	(1,993)	(1,490)
Settlement	**(13,160)**	-	-
Actuarial gains/(losses)	**3,007**	5,945	(12,336)
Expenses	**-**	-	(91)
Exchange adjustment	**1,831**	3,236	(14,356)
At 31 December	**49,581**	52,519	39,717

History of Asset, Liabilities, Experience Gains and Losses	2010 €'000	Restated 2009 €'000	2008 €'000	2007 €'000	2006 €'000
Market value of scheme assets	**49,581**	52,519	39,717	61,371	61,284
Value of defined benefit obligation	**(51,209)**	(57,611)	(43,455)	(67,880)	(82,242)
Deficit/(surplus) in scheme	**(1,628)**	(5,092)	(3,738)	(6,509)	(20,958)
Experience (losses)/gains arising on scheme liabilities (present value)	**(980)**	397	(794)	13,762	(2,730)
% of defined benefit obligation	**1.9%**	(0.7%)	1.8%	(20.3%)	3.3%
Assumptions (loss)/gain	**(3,028)**	(10,293)	11,464	(4,907)	(29)
% of defined benefit obligation	**5.9%**	17.9%	(26.4%)	7.2%	-
Actual return less expected return on scheme assets	**3,010**	5,945	(12,310)	347	2,075
% of scheme assets	**6.1%**	11.3%	(31.0%)	0.57%	3.39%

Notes to the Financial Statements as at 31 December 2010

41. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the Group Financial Statements under IAS 24 Related Party Disclosures relate to (i) transactions between subsidiaries and 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 €Nil, and there was a movement of inter company balances of €6.1mn.

(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 directors who manage 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 11.

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

	2010	2009
	€'000	€'000
Travel services	**-**	33
Hotel	**21**	13
Information Technology Services	**44**	30
	65	76

There was €3,590 owed to related parties at 31 December 2010 (2009: €214).

2009 Reorganisation
In 2009, there was an internal corporate reorganisation involving the insertion of a new sub-holding company – Kingspan Holdings Limited – directly under Kingspan Group Plc. This was achieved by the issuance of shares by Kingspan Holdings Limited to Kingspan Group Plc in a share for share exchange for the latter's shareholdings in three companies, Kingspan Holdings (Irl) Limited, Kingspan Holdings (Overseas) Limited and Kingspan Research & Developments Limited. No element of the consideration for the shares was outstanding at 31 December 2009, and there were no special terms and conditions within the agreement under which the shares were transferred.

42. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2010 the total capital employed in the Group was as follows:

	2010	2009	2008
	€mn	€mn	€mn
Net Debt	**123.6**	159.4	299.6
Equity	**666.9**	585.5	519.1
Total Capital Employed	**790.5**	744.9	818.7

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

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

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

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

Notes to the Financial Statements as at 31 December 2010

43. 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 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, HP22 5EW, UK.		
Ever 2479 Ltd	100	Holding Company
Hewetson Holdings Limited	100	Holding Company
Kingspan Access Floors Holdings Limited	100	Holding Company
Kingspan Funding UK	100	Finance Company
Kingspan Group Limited	100	Holding Company
Kingspan Holdings (Insulation) Limited	100	Holding Company
Kingspan Holdings (Panels) Limited	100	Holding Company
Kingspan Holdings (Structural and Offsite) Limited	100	Holding Company
Kingspan Investments Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
Registered Office: Greenfield Business Park No. 2, Holywell, North Wales, CH8 7GJ ,UK.		
Kingspan Access Floors Limited	100	Manufacturing
Registered Office: Marfleet, Hull, Yorkshire, UK.		
Kingspan Hot Water Systems Limited	100	Manufacturing
Registered Office: Tadman Street, Wakefield, West Yorkshire, WF1 5QU, UK.		

Notes to the Financial Statements
as at 31 December 2010

43. GROUP COMPANIES (cont'd)

	Shareholding	Nature of Business
Kingspan Insulation Limited	100	Manufacturing
Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Registered Office: Pembridge, Leominster, Herfordshire, UK.		
Kingspan Potton Limited	100	Manufacturing
Registered Office: Eltisley Road, Great Gransden, Sandy, Bedfordshire, SG19 3AR, UK.		
AUSTRALIA		
Griffin Rolled Steel Pty Limited	100	Holding Company
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Registered Office: 38-52 Dunheved Circuit, St. Marys, Sydney, NSW 2760, Australia.		
Kingspan Insulation Holdings Ltd	100	Holding Company
Kingspan Insulation Pty Ltd	100	Sales & Marketing
Registered Office: c/o Grant Thornton, Level 1, 10 Kings Park Road, West Perth, WA 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 N.V.	100	Sales & Marketing
Registered Office: Bouwelen 17, Industriepark Klein Gent, 2280 Grobbendonk, Belgium.		
Kingspan Tarec Industrial Insulation N.V.	50	Manufacturing
Registered Office: Plejadenlaan 15, 1200 Brussel, Belgium.		
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Registered Office: 12557, Coleraine Drive, Ontario, ON, L7E 3B5, Canada.		
Tate ASP Access Floors Inc	100	Manufacturing
Registered Office: 66 Wellington Street West, Suite 3600, Toronto, Ontario, ON, M5K 1N6, Canada.		
CROATIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Jakova Gotovca 1, 10 000 Zagreb, Croatia.		
CZECH REPUBLIC		
Kingspan a.s.	100	Manufacturing
Registered Office: Vázní 465, 500 03 Hradec Králové, Czech Republic.		
DENMARK		
Kingspan Denmark A/S	100	Sales & Marketing
Registered Office: Tækkemandsvej 7, 4300 Holbæk, Denmark.		
Kingspan Miljocontainere A/S	100	Manufacturing
Registered Office: Mørupvej 27-35, 7400 Herning, Denmark.		
ESTONIA		
Kingspan OU	100	Sales & Marketing
Registered Office: Mustamäe tee 55, 10621 Tallinn, Estonia.		
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.		

Notes to the Financial Statements
as at 31 December 2010

43. GROUP COMPANIES (cont'd)

	Shareholding	Nature of Business
GERMANY		
Kingspan Tek GmbH	100	Manufacturing
Registered Office: Beusterstraße 1a, 16348 Klosterfelde, Germany.		
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holdings GmbH	100	Holding Company
Kingspan Property GmbH	100	Holding Company
Registered Office: Am Schornacker 2, 46485 Wesel, Germany.		
HUNGARY		
Kingspan Kft	100	Manufacturing
Registered Office: 2367 Újhartyan, 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: Draugystes g.19, Kaunas, Lithuania.		
LUXEMBOURG		
Kingspan Luxembourg Sarl	100	Finance Company
Registered Office: 398 Route d'Esch, L-1471, Luxembourg.		
NETHERLANDS		
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan Property B.V.	100	Holding Company
Registered Office: Lingewei 8, 4004 LL, Tiel, Netherlands.		
NEW ZEALAND		
Kingspan Limited	51	Sales & Marketing
Registered Office: 15 Ron Guthrey Road, Christchurch Airport, Christchurch, New Zealand.		
NORWAY		
Kingspan Miljo AS	100	Sales & Marketing
Registered Office: Gjerdrumsvei 10D, 0484 Oslo, Norway.		
POLAND		
Kingspan Insulation Sp.z o.o	100	Sales & Marketing
Registered Office: ul. Kruczkowskiego 8, 00-380 Warsaw, Poland.		
Kingspan Sp.z o.o.	100	Manufacturing
Registered Office: ul. Przemyslowa 20, ap27-300 Lipsko, Poland.		
Kingspan Environmental Sp.z o.o.	100	Manufacturing
Registered Office: ul. Topolowa 5, 62-090 Rokietnica k, Poznania, Poland.		
ROMANIA		
Kingspan S.R.L.	100	Sales & Marketing
Registered Office: B-dul Iancu de Hunedoary nr. P, bl.11, sc. 2et., ap. 50, sector 1, Bucharest, Romania.		
RUSSIA		
Kingspan LLC	99	Sales & Marketing
Registered Office: 192012 Prospekt Obukhovskoj Oborony, 120, Liter B, St. Petersburg, Russian Federation.		
SERBIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Bulevar AVNOJ-a 45/z lokal 33, 11070 Novi Beograd, Serbia.		

Notes to the Financial Statements as at 31 December 2010

43. GROUP COMPANIES (cont'd)

	Shareholding	Nature of Business
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.		
SWITZERLAND		
Kingspan GmbH	100	Sales & Marketing
Registered Office: c/o Trewitax (Accountants), St. Gallen AG, Switzerland.		
Kingspan Suelo Technicos	50	Sales & Marketing
Registered Office: Calle de Los Guindos 2, San Sebastian de los Reyes, 28700 Madrid, Spain.		
TURKEY		
İzopoli Yapı Elemanları Taahhüt San. Ve Tic A.Ş	51	Manufacturing
Registered Office: Ciragan cad. No-97, Ortakoy-Istanbul, Turkey.		
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Registered Office: Krymska Street, Office 404, 79035, Lviv, Ukraine.		
UNITED STATES OF AMERICA		
ASM Modular Systems, Inc.	100	Manufacturing
Registered Office: c/o CT Corporation System, 111 Eight Avenue, New York, NY 10011, USA.		
Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Holdings US Inc.	100	Holding Company
Morin Corporation	100	Manufacturing
Kingspan Medusa Inc.	100	Holding Company
Kingspan Solar Inc	100	Sales & Marketing
Registered Office: The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, DE, 19801, USA.		
Kingspan Insulated Panels Inc.	100	Manufacturing
Registered Office: CT Corporation Systems, 1200 South Pine Island Road, Plantation, FL 33324, USA.		
Tate Access Floors, Inc.	100	Manufacturing
Registered Office: 7510 Montevideo Road, Jessup, Maryland, 20794, USA.		

44. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the directors on 28 February 2011.

45. POST BALANCE SHEET EVENT

On 11 November 2010, the Group announced the acquisition of 100% of the shares and assets of various companies which comprise the European insulation business of CRH PLC. The transaction was structured in two Phases - Phase 1 was completed on 18 January 2011 and involved the acquisition of Ecotherm and Unidek businesses. Phase 2 is scheduled for completion in or about 31 March 2011. The transaction consisted of both asset and share deals. The Group anticipates significant synergies from the acquisition, together with the establishment of a presence in new markets.

The consideration for the acquisition was approximately €120mn, with an adjustment for net cash in the business as at the completion date.
The consideration is payable entirely in cash. Additional consideration will be payable in the event that certain businesses are disposed of within 18 months, and where the proceeds exceed a certain level. The maximum additional consideration payable is €6mn.

As the initial accounting and fair value assessment for the business combination is incomplete at the time that these financial statements were authorised for issue the following disclosures cannot be made but will be reported if relevant with the Interim Financial Statements for the period to 30 June 2011:

- a qualitative description of the factors that make up the goodwill to be recognised,
- details of indemnification assets,
- details of acquired receivables,
- the amounts recognised as of the acquisition date for each major class of asset acquired and liability assumed,
- details of contingent liabilities recognised and
- the total amount of goodwill that is expected to be deductible for tax purposes

The company has incurred expenses of approximately €2.5mn relating to the transaction as at the date of the approval of the financial statements.

Group Five Year Summary

RESULTS (amounts in €mn)	2010	Restated 2009	Restated 2008	2007	2006
Revenue	**1,193.2**	1,125.5	1,672.7	1,863.2	1,461.2
Operating income	**67.4**	62.7	82.0	236.7	194.0
Net profit before tax	**55.7**	56.7	68.1	224.2	185.2
Operating cashflow	**72.4**	212.8	228.3	230.5	201.5

EQUITY (amounts in €mn)	2010	Restated 2009	Restated 2008	2007	2006
Gross assets	**1,213.1**	1,130.5	1,236.2	1,324.9	1,160.4
Working capital*	**153.2**	123.3	220.9	285.4	229.7
Total shareholder equity	**666.9**	585.5	519.1	672.9	546.8
Bank debt and lease obligations	**123.6**	159.4	299.6	225.0	187.6

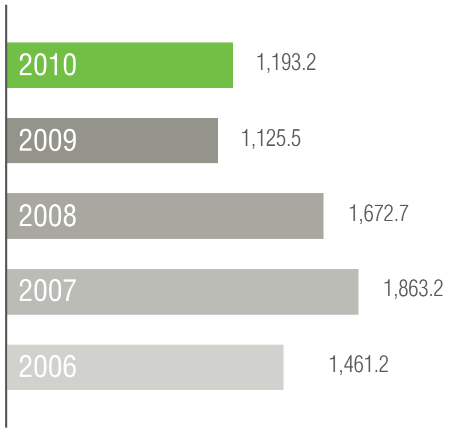
RATIOS	2010	Restated 2009	Restated 2008	2007	2006
Net debt as % of total shareholders' equity	**18.5%**	27.2%	57.7%	33.4%	34.3%
Current assets / current liabilities	**1.55**	1.37	1.57	1.55	1.52

PER ORDINARY SHARE (amounts in €cent)	2010	Restated 2009	Restated 2008	2007	2006
Earnings	**29.2**	28.7	26.7	110.5	89.8
Operating cashflows	**43.5**	128.1	135.7	135.9	119.8
Net assets	**400.8**	352.5	308.4	396.8	325.2
Ordinary dividends	**10**	-	8	25	19

AVERAGE NUMBER OF EMPLOYEES	**4,890**	5,049	6,692	6,512	5,090

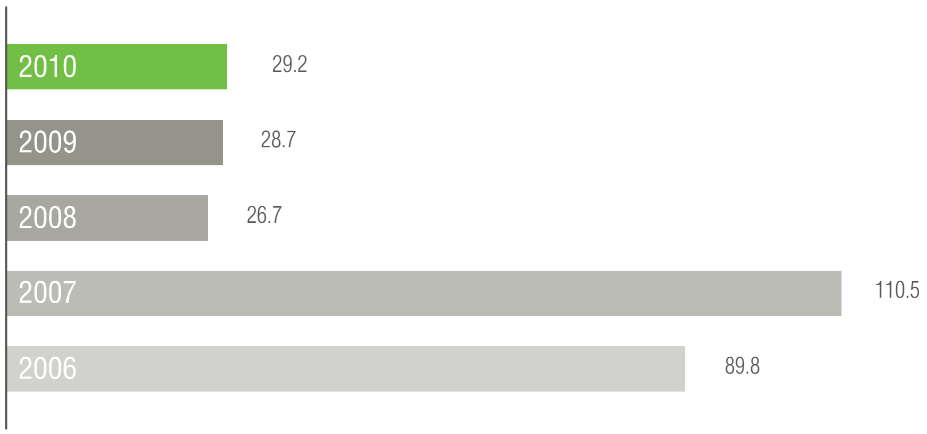
* Please refer to Financial Review section of the annual report for definition of working capital.

Revenue
€mn

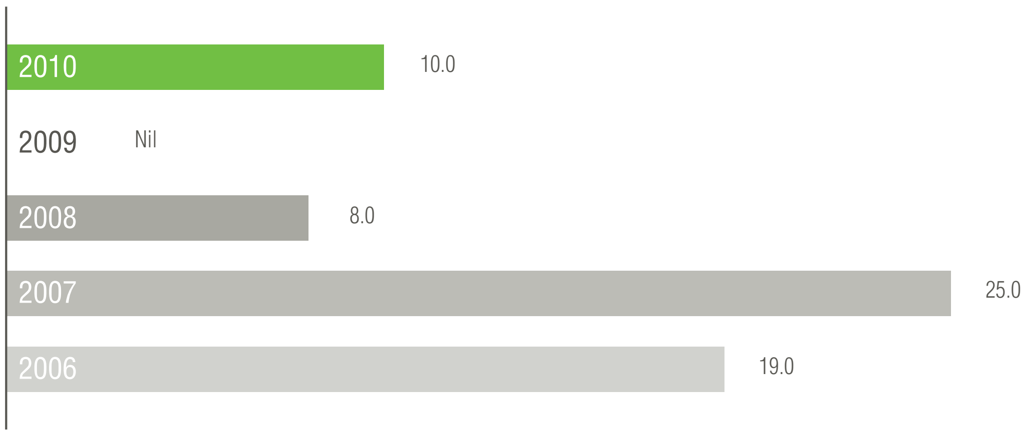


Net profit
before Tax
€mn

Earnings
per share
€cent



Dividends
per share
€cent



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