KINGSPAN GROUP PLC

FINANCIAL RESULTS

Year Ended 31 December 2010

KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010.

Kingspan Group plc ("Kingspan"), the leading provider of low energy building solutions, is pleased to announce its preliminary results for the year ended 31 December 2010.

Financial highlights:

	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 as % shareholders funds)	**19.3%**	**28.1%**	

Operational and Development 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 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 Insulations 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.

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[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. This adjustment results in a reduction in earnings in 2009 of €4.9mn and an increase in earnings in 2010 of €2.7mn.*

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 result 2010	33.1	15.7	0.1	18.5	67.4
Finance costs (net)					(11.7)
Results for the period before tax					55.7
Income Tax Expense					(6.6)
Net result for the year					49.1

Gene Murtagh, Chief Executive of Kingspan commented:

"The return of stability was a key theme in 2010 with Kingspan recording an increase in both sales and profits for the first time in three years. The Group has emerged from this period, albeit at a lower base, with a business that is broader and deeper than ever before.

A combination of a strong balance sheet, recent acquisitions and new products provides a platform for Kingspan to drive further convergence to more efficient building solutions across an increasing global footprint."

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Chief Executive's Review

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. Infact, 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.

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 "Envelope First" concepts are key cornerstones in the delivery of our goals in what will become more geographically balanced markets in the future.

Insulated Panels

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

<u>UK</u>
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.

<u>North America</u>
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.

<u>Central & Eastern Europe (CEE)</u>
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.

Insulation

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

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.

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 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 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.

Environmental & Renewables

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

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. Solarthermal 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.

Access Floors

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

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 Murtagh

28 February 2011

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.

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%

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 2011with 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. 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.

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 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	35.8
Amortisation	4.6	4.3
EBITDA	**107.6**	**102.8**
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**	**187.7**
Acquisitions	(0.2)	(8.0)
Net capital expenditure	(15.8)	(45.9)
Dividends paid	(6.8)	(0.3)
Cash flow movement	**35.0**	**133.5**
Debt translation	0.6	1.8
Decrease/(Increase) 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)**

*See net debt reconciliation in note 4.

The table above summarises the Group's funds flow for 2010 and 2009. 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	31 Dec 2009
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 €3.5mn. 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. Details on the movement giving rise to the decrease in the deficit, before the related deferred tax asset, is set out below:

	Scheme Assets	**Scheme Liabilities**	**Net**
	€'mn	**€'mn**	**€'mn**
Opening balance	52.5	(57.6)	(5.1)
Translation	1.8	(2.0)	
Contributions paid	3.2	0.0	
Actuarial gains (losses)	3.0	(4.0)	
Settlement/Transfers	(13.2)	14.1	
Net finance (charge)/credit	3.9	(3.4)	
Closing balance	**51.2**	**(52.9)**	**(1.7)**

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 €30mn for the period (2009: gain €22mn).

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:

	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%**

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 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 changes are as follows: goodwill increased by €4.8mn; property, plant and equipment decreased by €6.2mn; inventory decreased by €1.3mn; and current taxation liability reduced by €2.7mn.

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 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.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Total	Total
	2010	2009
	€ '000	€ '000
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
Finance cost	**(12,594)**	(12,750)
Finance income	**854**	6,770
Profit for the year before tax	**55,665**	56,679
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		
Basic	**29.2**	28.7
Diluted	**28.6**	28.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	€ '000	€ '000
Net profit for the year	**49,068**	47,967
Other comprehensive income:		
Cash flow hedging - in equity - current year	**2,787**	(389)
Cash flow hedging - in equity - reclassification to profit and loss	**389**	(6,658)
Actuarial losses in defined benefit pension scheme	**(998)**	(3,951)
Exchange differences on translating foreign operations	**30,725**	22,341
Income taxes relating to components of Other Comprehensive Income	**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

	2010	2009	2008
	€ '000	€ '000	€ '000
Assets		(Re-stated)	(Re-stated)
Non-current assets			
Goodwill	**318,216**	300,021	284,581
Other intangible assets	**6,457**	10,305	13,168
Property, plant and equipment	**408,632**	399,989	404,894
Long term financial assets	**10**	10	210
Derivative financial instruments	**1,305**	-	-
Deferred tax assets	**5,600**	2,950	1,228
	740,220	713,275	704,081
Current assets			
Inventories	**129,035**	110,821	157,760
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
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			
Trade and other payables	**202,660**	189,571	236,029
Provisions for liabilities	**50,683**	47,566	49,126
Derivative financial instruments	**-**	917	-
Contingent deferred consideration	**2,781**	698	4,980
Interest bearing loans and borrowings	**14,259**	31,863	16,857
Current income tax liabilities	**34,539**	32,914	31,588
	304,922	303,529	338,580
Non-current liabilities			
Retirement benefit obligations	**1,628**	5,092	3,738
Provisions for liabilities	**8,118**	12,993	7,341
Interest bearing loans and borrowings	**213,671**	201,141	345,249
Derivative financial instruments	**-**	6,042	-
Deferred tax liabilities	**17,787**	13,556	14,504
Contingent deferred consideration	**-**	2,609	7,790
	241,204	241,433	378,622
Total liabilities	**546,126**	544,962	717,202
NET ASSETS	**666,945**	585,535	519,082
Equity			
Equity attributable to owners of the parent			
Share capital	**22,325**	22,296	22,265
Share premium account	**37,739**	36,486	35,751
Other reserves	**(144,841)**	(178,742)	(194,036)
Revaluation reserve	**713**	713	713
Capital redemption reserve	**723**	723	723
Retained earnings	**745,338**	699,373	651,841
	661,997	580,849	517,257
Non controlling interest	**4,948**	4,686	1,825
TOTAL EQUITY	**666,945**	585,535	519,082

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 owners	29	1,253	-	-	(1,973)	(691)	-	**(691)**
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 period	-	-	33,901	-	47,938	81,839	411	**82,250**
Other transactions with non-controlling interest:								
Currency translation	-	-	-	-	-	-	17	**17**
Movement in non-controlling interest	-	-	-	-	-	-	(166)	**(166)**
Balance at 31 December 2010	22,325	37,739	(144,841)	1,436	745,338	661,997	4,948	**666,945**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Share capital	Share Premium account	Other reserves	Capital Redemption & Revaluation reserves *	Retained earnings	Total Attributable to owners of the parent	Non-Controlling Interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'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 owners	31	735	-	-	2,719	3,485	-	3,485
Profit for the year	-	-	-	-	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 period	-	-	15,294	-	44,813	60,107	309	60,416
Other transactions with non-controlling interest:								
Currency translation	-	-	-	-	-	-	339	339
Movement in non-controlling interest	-	-	-	-	-	-	2,213	2,213
Balance at 31 December 2009	22,296	36,486	(178,742)	1,436	699,373	580,849	4,686	585,535

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	681,755	669,686	3,230	672,916
Shares issued	119	2,574	-	-	-	2,693	-	2,693
Employee share based compensation	-	-	-	-	2,372	2,372	-	2,372
Exercise of employee share based compensation	-	1,260	-	-	(1,260)	-	-	-
Share Buyback	-	-	-	-	(32,565)	(32,565)	-	(32,565)
Dividends	-	-	-	-	(42,262)	(42,262)	-	(42,262)
Transactions with owners	119	3,834	-	-	(73,715)	(69,762)	-	(69,762)
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	-	-	-	-	451	451	-	451
Exchange differences on translating foreign operations	-	-	(131,424)	-	-	(131,424)	-	(131,424)
Total comprehensive income for the period	-	-	(126,468)	-	43,801	(82,667)	(1,007)	(83,674)
Other transactions with non-controlling interest:								
Currency translation	-	-	-	-	-	-	(288)	(288)
Movement in non-controlling interest	-	-	-	-	-	-	(110)	(110)
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

	2010	2009
	€ '000	€ '000
Operating activities		
Result for the year before tax	**55,665**	56,679
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 minorities	**(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)
Exchange differences on translating foreign operations	**2,525**	1,738
Cash and cash equivalents at the end of the year	**99,481**	59,917

		2010	2009
Cash and cash equivalents at the beginning of the year			
	Cash and cash equivalents, beginning of year	**83,886**	75,254
	Overdrafts	**(23,969)**	(982)
		59,917	74,272
Cash and cash equivalents at the end of the year			
	Cash and cash equivalents, end of the year	**104,402**	83,886
	Overdrafts	**(4,921)**	(23,969)
		99,481	59,917

SUPPLEMENTARY INFORMATION

1 Reporting currency

The Financial information included in this report is 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 actual exchange rates and the related Statements of Financial Position have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rates of material currencies 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	**25.00**	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

2 Segment reporting

In identifying the operating segments, management generally follows the Group's product lines, which represent the main products provided by the Group. Each of these operating segments is managed separately as each requires different technologies and other resources as well as marketing approaches.

Reported segments and their results are based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

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.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Segment assets are based on the geographical location of the assets.

Below is an extract from the note that will be included in the annual report.

Analysis by class of business

Segment Revenue	**Insulated Panels**	**Insulation Boards**	**Environmental & Renewables**	**Access Floors**	**TOTAL**
	€mn	**€mn**	**€mn**	**€mn**	**€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 priced using an appropriate transfer pricing methodology.

Segment Result (profit before finance costs)

	Insulated Panels	Insulation Boards	Environmental & Renewables	Access Floors	TOTAL 2010	TOTAL 2009
	€mn	€mn	€mn	€mn	€mn	€mn
Trading Profit	35.8	16.7	0.9	18.6	**72.0**	67.1
Intangible Amortisation	(2.7)	(1.0)	(0.8)	(0.1)	**(4.6)**	(4.4)
Goodwill & Intangibles Impairment	-	-	-	-	-	-
Operating result - 2010	33.1	15.7	0.1	18.5	**67.4**	
Operating result - 2009	23.5	12.8	1.0	25.4		62.7
Net finance cost					**(11.7)**	(6.0)
Result for the year before tax					**55.7**	56.7
Tax expense, net					**(6.6)**	(8.7)
Minority interest					**(0.4)**	(0.3)
Net result for the year					**48.7**	47.7

Segment Assets and Liabilities

	Insulated Panels	Insulation Boards	Environmental & Renewables	Access Floors	TOTAL 2010	TOTAL 2009	TOTAL 2008
	€mn	€mn	€mn	€mn	€mn	€mn	€mn
Assets - 2010	**535.9**	**264.4**	**180.1**	**122.6**	**1,103.0**		
Assets - 2009	494.8	247.7	182.7	118.3		1,043.5	
Assets - 2008	588.7	251.4	183.1	136.4			1,159.6
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					**1,213.0**	1,130.4	1,236.1

	Insulated Panels	Insulation Boards	Environmental & Renewables	Access Floors	TOTAL 2010	TOTAL 2009	TOTAL 2008
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)	(40.0)	(26.0)			(296.0)
Total assets less total liabilities					**(263.1)**	(262.1)	(296.0)
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)	(717.0)

Other Segment Information

	Insulated Panels	Insulation Boards	Environmental & Renewables	Access Floors	TOTAL
	€mn	€mn	€mn	€mn	€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	(19.3)	(8.4)	(5.2)	(2.9)	(35.8)
Depreciation included in segment result – 2008	(20.2)	(11.2)	(6.2)	(3.0)	(40.6)
Amortisation & intangibles impairment included in segment result – 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)**	**0.0**	**(0.4)**
Non cash items included in segment result – 2009	(2.8)	2.9	0.6	0.0	0.7
Non cash items included in segment result – 2008	(0.4)	0.0	0.6	0.0	0.2

Analysis of Segmental Data by Geography

	Republic of Ireland	United Kingdom	Rest of Europe	Americas	Others	TOTAL
	€mn	€mn	€mn	€mn	€mn	€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

3 Net finance cost

	2010	2009
	€'000	€'000
Bank loans	**10,388**	12,641
Hire purchase and finance leases	**13**	6
Net defined benefit pension scheme	**(504)**	103
Interest accrued	**(854)**	(1,848)
	9,043	10,902
Fair value movement on derivative financial instrument	**(7,215)**	6,959
Translation loss/(gain) on private placement debt	**9,912**	(11,881)
Net finance cost	**11,740**	5,980

4 Analysis of net debt

	2010	2009
	€'000	€'000
Cash and cash equivalents	**104,402**	83,886
Bank debt < 1 year	**(13,465)**	(30,482)
Bank debt 2 - 5 years	**(64,594)**	(61,564)
Private placement debt > 5 years	**(151,458)**	(151,458)
Contingent deferred consideration	**(2,781)**	(3,307)
Finance leases	**(796)**	(1,381)
	(128,692)	(164,306)
IAS39 Adjustment	**5,095**	4,922
Total net debt	**(123,597)**	(159,384)

Included within Cash and cash equivalents is a restricted cash balance of €4mn.

5 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	2009
	€ '000	€ '000
Depreciation and amortisation of non-current assets	**40,235**	40,178
Impairment of non-current assets	**2,682**	-
Employee equity-settled share options	**4,478**	2,800
Finance income	**(854)**	(6,770)
Finance costs	**12,594**	12,750
Non cash items	**(2,365)**	2,711
Profit on sale of tangible assets	**(548)**	(702)
Total	**56,222**	50,967

6 Reconciliation of net cash flow to movement in net debt

	2010	2009
	€ '000	€ '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)
New finance leases	**-**	-
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.*

7 Dividends

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

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

DIVIDENDS		**2010**	2009
		€'000	€'000
Ordinary dividends			
Paid:	2010 Interim dividend 4.0c per share (2009: NIL)	**6,661**	-

8 Earnings per share

	2010	2009
	€'000	€'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)	Number of shares ('000)
	2010	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	2009
	€ cent	€ cent
Basic earnings per share	**29.2**	28.7
Diluted earnings per share	**28.6**	28.3

9 Basis of preparation

The financial information in this report, which is presented in euro, have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and the measurement of fair value share options and derivative instruments. The carrying value of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The 2009 and 2008 Statements of Financial Position have been restated to reflect the number of re-classifications, none of which have any impact on reported net assets or earnings. Full details of the re-classifications will be provided in the Annual Report. As a result of these re-classifications, a third statement of financial position together with additional comparative notes, where applicable, has been presented in this report.

The accounting policies have been applied consistently by all the Group's subsidiaries.

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

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 Company'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 the accounting for defined benefit pension schemes, share-based payments, receivable provisions, guarantees & warranties, tangible assets, intangible assets, goodwill impairment and acquisition deferred consideration.

10 Distribution of Preliminary Statement of Annual Results

These results are available on the Group's website at www.kingspan.com. A printed copy is available to view at the Company's registered office.