

Notes to the Financial Statements as at 31 December 2009

1. BASIS OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), which comprise standards and interpretations approved by International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations that have been subsequently adopted by the EU.

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and as applied in accordance with the Companies Acts, 1963 to 2006. The Company has taken advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members the Company Income Statement and related notes which forms part of the approved financial statements of the Company as the Company publishes Company and Group financial statements together.

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

Changes to the primary statements published in the Preliminary Announcement

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

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

Standards adopted during the financial year

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

IFRS 7 Financial Instruments Disclosure

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

IAS 1 Presentation of Financial Statements

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

The following terminology changes have been applied:

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

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

IFRS 8 Operating Segments

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

IAS 23 Borrowing Costs (revised)

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

IFRIC 11 IFRS 2 Group and Treasury transactions

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

Notes to the Financial Statements as at 31 December 2009

1. BASIS OF COMPLIANCE (cont'd)

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

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

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

IFRSs and IFRIC Interpretations which are not yet effective

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

IFRS 3 Business Combinations (Revised 2008) (effective from 1 July 2009)

The main changes required under this standard are:

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

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

IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2009)

The changes effected by the new version of this Standard are that:

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

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

2. BASIS OF PREPARATION

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

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

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

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

3. BASIS OF CONSOLIDATION

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

Subsidiaries

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

Where a subsidiary is acquired or disposed of during the financial year, the Consolidated Financial Statements include the attributable results from or to the effective date of acquisition or disposal respectively.



Notes to the Financial Statements as at 31 December 2009

3. BASIS OF CONSOLIDATION (cont'd)

Joint ventures

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

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

Transactions eliminated on consolidation

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

Foreign currency exchange rates

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

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

Exchange rates applied for material entities used were as follows:

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

4. SIGNIFICANT ACCOUNTING POLICIES

Business combinations

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

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable expenses. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the adjustment is included in the cost at the acquisition date if the adjustment is probable and can be reliably measured. Contingent consideration is included in the acquisition Statement of Financial Position on a discounted basis.

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

Goodwill

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

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (other than goodwill)

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

The amortisation rates generally applied are:

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

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

Impairment

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

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell. To determine the recoverable amount, management estimates expected 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.

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



Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contingent deferred consideration

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

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

Segment Reporting

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

Inventories

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

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

Income Taxes

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

Current tax:

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

Deferred tax:

Deferred tax is provided on the basis of the Statement of Financial Position liability method on all temporary differences at the Consolidated Statement of Financial Position date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

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

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not materialise in the 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 Statement of Financial Position date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

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

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Grants

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

Property, Plant and Equipment

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

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

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

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

Useful lives and residual values are re-assessed annually.

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of the 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 are not depreciated.

Leasing

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have transferred to the Group, and hire purchase contracts are capitalised in the Consolidated Statement of Financial Position and are depreciated over their useful lives with any impairment being recognised in accumulated depreciation. The asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. The capital elements of future obligations under leases and hire purchase contracts are included in liabilities in the Consolidated Statement of Financial Position and analysed between current and noncurrent amounts. The interest elements of the rental obligations are charged to the Consolidated Income Statement over the periods of the relevant agreements and represent a constant proportion of the balance of capital repayments outstanding in line with the implicit interest rate methodology.

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

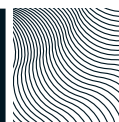
Pension costs

Obligations to the defined contribution pension plans are recognised as an expense in the income statement as service is received from the relevant employees. The Group has no obligations to make further contributions to these schemes. The Group operates a number of defined benefit pension schemes which require contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the reporting date on high quality corporate bonds for a term consistent with the currency and term of the associated post-employment benefit obligations.

The net surplus or deficit (net of deferred tax) arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the Consolidated Statement of Financial Position. The Group recognises post transition date actuarial gains and losses immediately in the Consolidated Statement of Comprehensive Income.

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

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



Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

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

Foreign currency translation

Transactions and balances

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

Group companies

Results and cash flows of subsidiaries which do not have the Euro as their functional currency are translated into Euro at average exchange rates for the year and the related Statement of Financial Positions are translated at the rates of exchange ruling at the Statement of Financial Position date. Average rates are a reasonable approximation to actual rates. Adjustments arising on translation of the results of such subsidiaries at average rates and on the restatement of the opening net assets at closing rates are dealt with in a separate translation reserve within equity.

Dividends

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

Hedging

Cash flow hedges

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

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

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

Cash and cash equivalents

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

Financial Assets

Financial assets other than hedging instruments are divided into the following categories:

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

Trade and other receivables are stated at cost, which approximates fair value given the short-dated nature of these assets and liabilities. Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case by case basis (with due regard to credit insurance where in place) when they are past due at the Statement of Financial Position date or when objective evidence is received that a specific counterparty will default.

Notes to the Financial Statements as at 31 December 2009

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for rerecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does not transfer control of that asset.

Financial Liabilities

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

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

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

Revenue recognition

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

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

Research and Development

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

Share-Based Payment Transactions

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a recognised valuation methodology for the pricing of financial instruments.

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

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

Borrowing costs

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

Credit insurance recoveries

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



Notes to the Financial Statements as at 31 December 2009

5. SIGNIFICANT JUDGMENTS AND ESTIMATION UNCERTAINTY

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

Impairment (Note 13)

The Group is required to review non financial assets for objective evidence of impairment.

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

It does this on the basis of a review of the budget and rolling 5 year strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates.

Guarantees & warranties (Note 25)

Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. The benefit of any insurance cover and any relevant guarantees from suppliers of inputs to the Group are accounted for once the relevant recognition criteria are met.

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

Defined benefit pension scheme (Note 39)

The Group has a number of legacy defined benefit pension schemes which, whilst closed to new entrants and further accrued service, are required to be valued. The Group use the services of professional actuaries to determine the assets and liabilities of the schemes, and as part of this review certain estimates are required to produce the valuation.

Share based payments (Note 7)

The Group grants options as part of certain employee's remuneration which under IFRS 2 are subject to valuation. The Group employs a professional valuer to assess the cost of each option grant, and the key assumptions are set out in note 7.

Contingent deferred consideration (Note 23)

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

6. SEGMENT REPORTING

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

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

Operating segments

The Group operates in the following four business segments:

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

Notes to the Financial Statements as at 31 December 2009

6. SEGMENT REPORTING (cont'd)

Analysis by class of business

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

Inter-segment revenue is not material and is thus not subject to separate disclosure in the above analysis.

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology.

Segment Result (profit before finance costs)

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

Segment Assets

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



Notes to the Financial Statements as at 31 December 2009

6. SEGMENT REPORTING (cont'd)

Segment Liabilities

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

Other Segment Information

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

Analysis of Segmental Data by Geography

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

Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES

a) Employee Numbers

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

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

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

b) Employee Costs

The staff costs were:

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

c) Employee Share Based Compensation

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES (cont'd)

Earliest exercise date		2009 Number of options	2009 Weighted average exercise price €	2009 Weighted average remaining contractual life
2010 Option range				
LTIP	€0.13	198,661	0.13	3.65
SSOS	€1.35 - €2.95	240,900	1.97	2.11
	€3.10 - €5.65	1,646,210	5.21	4.67
	€9.35 - €10.90	933,302	10.65	5.72
	€12.26 - €14.18	1,117,383	14.09	6.77
	€17.82 - €21.20	1,728,558	18.28	7.76
		<u>5,865,014</u>	<u>11.31</u>	<u>6.01</u>
2011 Option range				
LTIP	€0.13	257,000	0.13	5.2
SSOS	€7.99 - €8.10	1,215,566	8.01	8.3
		<u>1,472,566</u>	<u>6.63</u>	<u>7.7</u>
2012 Option range				
PSP	€0.13	1,718,148	0.13	9.3
Earliest exercise date		2008 Number of options	2008 Weighted average exercise price €	
2009 Option range				
LTIP	€0.13	142,831	0.13	
SSOS	€1.35 - €2.95	360,900	2.04	
	€3.10 - €5.65	1,800,210	5.10	
	€9.35 - €10.90	964,704	10.66	
	€12.26 - €14.18	1,141,202	14.09	
		<u>4,409,847</u>	<u>8.23</u>	
2010 Option range				
LTIP	€0.13	133,561	0.13	
SSOS	€17.82 - €21.20	1,813,417	18.27	
		<u>1,946,978</u>	<u>17.02</u>	
2011 Option range				
LTIP	€0.13	257,000	0.13	
SSOS	€7.99 - €8.10	1,246,566	8.01	
		<u>1,503,566</u>	<u>6.66</u>	
		<u>7,860,391</u>	<u>10.11</u>	

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

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

Notes to the Financial Statements as at 31 December 2009

7. EMPLOYEES (cont'd)

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

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

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

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

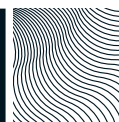
8. FINANCE COST AND FINANCE INCOME

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

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

9. PROFIT FOR THE YEAR BEFORE TAX

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



Notes to the Financial Statements as at 31 December 2009

10. DIRECTORS' REMUNERATION

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

Non-executive Directors

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

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

2 All Executive Directors participate in defined contribution pension schemes operated by the Group.

3 The Group made a contribution of €1,417,000 during 2009 to the Group's occupational pension plan in respect of Dermot Mulvihill, representing accelerated pension contributions up to the date of his retirement at age 62.

The proportion charged to the Consolidated Income Statement in respect of this payment for 2009 is €605,000, and the prepayment for 2010 is €406,000, and for 2011 is €406,000. There are claw back arrangements in place should he retire early.

4 The 2009 salaries and remuneration have been converted to Euro at the following rates USD: 1.3946; STG: 0.8917.

Russell Shiels' basic salary was \$388,000 (2008: \$388,000).

Peter Wilson's basic salary was £220,000 (2008: £220,000).

Louis Eperjesi's basic salary was £128,333 (2008: £220,000).

5 Louis Eperjesi resigned as an Executive Director on 31 July 2009.

On termination of his employment he also received €298,000 as compensation for loss of office.

6 Eugene Murtagh also received a contribution to his personal pension scheme of €143,250.

7 Danny Kitchen was appointed as a Non-executive Director on 1 March 2009.

8 Brian Joyce retired as a non-executive director on 30 January 2009.

9 Eoin McCarthy retired as a non-executive director on 14 May 2009.

Notes to the Financial Statements as at 31 December 2009

10. DIRECTORS' REMUNERATION (cont'd)

Number of Directors at year-end	2009	2008
Executive Directors	5	6
Non-executive Directors	7	8
Total	<u>12</u>	<u>14</u>

Average number of Directors during the year	2009	2008
Executive Directors	6	6
Non-executive Directors	7	8
Total	<u>13</u>	<u>14</u>

11. INCOME TAX EXPENSE

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

Reconciliation of average effective tax rate to applicable tax rate

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

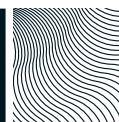
The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

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

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. The current tax charges will also be impacted by changes in the excess of tax depreciation (capital allowances) over accounting depreciation and the use of tax credits.

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



Notes to the Financial Statements as at 31 December 2009

12. EARNINGS PER SHARE

The calculations of earnings per share are based on the following:

	2009 €'000	2008 €'000
Profit attributable to ordinary shareholders	<u>47,658</u>	44,990

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

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

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

13. GOODWILL

At 31 December 2009

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

At 31 December 2008

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

Notes to the Financial Statements as at 31 December 2009

13. GOODWILL (cont'd)

Impairment testing of goodwill

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

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

The discount factor is based on a weighted average cost of capital incorporating relevant government bonds for the risk-free rate, equity risk premium and cost of debt appropriate to the industry. The overall before-tax discount rate used for all CGU's is 8.8%. The discount rate has also been subjected to sensitivity analysis for all CGU's.

The key assumptions for these forecasts include management's conservative estimates of revenue growth, future profitability and level of working capital required to support trading. These assumptions are consistent with the prior year. Different assumptions measuring the sensitivity of the method used are systematically tested using the following parameters:

- 10% change in annual average growth rate of sales and EBIT margin
- +/- 1-2% change in discount rate applied to cashflows

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

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

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

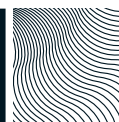
No impairment losses were recognised by the Group in 2009 (2008: €42.6mn).

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

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

Panels North America

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



Notes to the Financial Statements as at 31 December 2009

13. GOODWILL (cont'd)

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

Insulated Panels Western Europe

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

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

14. OTHER INTANGIBLE ASSETS

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	26,712
Additions*	-	-	-	1,260	1,260
Net exchange difference	-	295	1	(157)	139
At 31 December	5,778	12,416	157	9,761	28,111

Accumulated amortisation

At 1 January	(5,702)	(5,372)	(35)	(2,436)	(13,544)
Charge for year	(79)	(1,869)	(22)	(2,426)	(4,396)
Net exchange difference	3	4	(1)	128	134
At 31 December	(5,778)	(7,237)	(58)	(4,734)	(17,806)
Net book value	-	5,179	99	5,027	10,305

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

Notes to the Financial Statements as at 31 December 2009

14. OTHER INTANGIBLE ASSETS (cont'd)

At 31 December 2008

Cost	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	5,818	16,883	1,211	3,682	27,593
Additions	-	3,265	138	5,066	8,469
Impairment	-	(7,065)	(1,188)	-	(8,253)
Net exchange difference	(40)	(962)	(5)	(90)	(1,097)
At 31 December	<u>5,778</u>	<u>12,121</u>	<u>156</u>	<u>8,658</u>	<u>26,712</u>

Accumulated amortisation

At 1 January	(5,319)	(6,213)	(326)	(1,572)	(13,429)
Charge for year	(423)	(3,092)	(159)	(941)	(4,615)
Impairment	-	3,785	446	-	4,231
Net exchange difference	40	148	4	77	269
At 31 December	<u>(5,702)</u>	<u>(5,372)</u>	<u>(35)</u>	<u>(2,436)</u>	<u>(13,544)</u>
Net book value	<u>76</u>	<u>6,748</u>	<u>121</u>	<u>6,222</u>	<u>13,168</u>

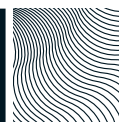
15. JOINTLY CONTROLLED ENTITIES

The following are jointly controlled entities, in which the Group holds 50% of the voting shares, which have been incorporated into the consolidated financial statements using the proportionate consolidation.

Kingspan Tarec Industrial Insulation Limited
Kingspan Tarec Industrial Insulation NV

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

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



Notes to the Financial Statements as at 31 December 2009

16. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2009

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

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

NBV	2,822,691
Depreciation	521,742

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

Notes to the Financial Statements as at 31 December 2009

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

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

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

NBV	2,493,115
Depreciation charge	82,606

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

Included within the cost of land and buildings are assets in the course of construction to the value of €1,591,257 (2008: €34,281,150). These assets have not yet been depreciated.

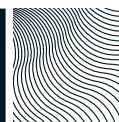
Depreciation is included in the category 'Operating Costs' in the Consolidated Income Statement.

17. FINANCIAL ASSETS & INVESTMENTS IN SUBSIDIARIES

	GROUP	
	2009	2008
	€'000	€'000
Long term financial assets:		
Unlisted investments (at cost)	<u>10</u>	210
	<u>10</u>	<u>210</u>

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

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



Notes to the Financial Statements as at 31 December 2009

18. INVENTORIES

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

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

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

19. TRADE AND OTHER RECEIVABLES

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

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

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

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

Notes to the Financial Statements as at 31 December 2009

19. TRADE AND OTHER RECEIVABLES (cont'd)

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

Within terms and not impaired:

	GROUP	
	2009 €'000	2008 €'000
Less than 90 days due	110,089	154,168
Greater than 90 days due	4,950	4,190
	115,039	158,358
Past due but not impaired		
0 to 60 days	57,101	92,776
60+ days	8,931	15,357
	66,032	108,133

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

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

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

20. ASSETS HELD FOR SALE

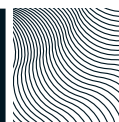
	GROUP	
	2009 €'000	2008 €'000
<i>By operating segment:</i>		
Insulated Panels	1,688	-
Insulation Boards	7,840	-
Environmental and Renewables	9,482	-
	19,010	-

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

21. TRADE AND OTHER PAYABLES

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

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



Notes to the Financial Statements as at 31 December 2009

22. INTEREST BEARING LOANS AND BORROWINGS

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

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

Notes to the Financial Statements as at 31 December 2009

23. CONTINGENT DEFERRED CONSIDERATION

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

The movement in the provision is analysed as follows:

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

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

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

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

24. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS

Financial Risk Management

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

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

Liquidity risk

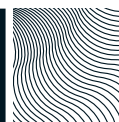
In addition to the high level of free cash flow, the Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to meet its liabilities when due.

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

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

Both the private placement and the revolving credit facility have an interest cover test (Net Interest: EBITDA must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). In addition, the revolving credit facility has a requirement that the Group's net assets must exceed €400mn.

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



Notes to the Financial Statements as at 31 December 2009

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

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

Non-derivative financial liabilities	Carrying	Contractual Cash Flow	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Greater than 5 Years
	amount 2009 €'000					
Bank loans	92,046	92,246	30,552	-	59,942	1,752
Private placement loan notes	139,577	189,370	6,384	6,384	19,152	157,450
Finance lease liabilities	1,381	1,381	1,381	-	-	-
Trade and other payables	191,071	191,071	191,071	-	-	-
Deferred consideration	3,307	3,307	698	2,609	-	-

Derivative financial liabilities

Interest rate swaps
used for hedging

- outflow	-	533	239	236	58	-
- inflow	-	80	36	35	9	-

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

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

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

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

Foreign exchange risks

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

Transaction risk arises where operating units have input costs or sales in currencies other than its functional currency.

Transactional FX exposures are internally hedged as far as possible and to the extent that they are not, such material residual exposures are hedged on a rolling 12-month basis. The Group's main exposure on transactional FX relates to GBP and USD, with less significant exposures to certain central European currencies. Based on current cashflow projections for the existing businesses to 31 December 2010, it is estimated that the Group is long c. GBP£23mn against EUR. At 31 December 2009 hedges were in place covering c. 45% of this exposure. The Group is short c. USD\$12mn against GBP. At 31 December 2009, hedges were in place covering c. 75% of this exposure.

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

Translational risk exists due to the fact that the Group has operations whose functional currency is not the EUR, the Group's functional currency. Changes in the exchange rate between the reporting currencies of these operations and the EUR, have an impact on the Group's consolidated reported result. For 2009, the impact of changing FX rates versus EUR compared to the average 2008 rates was adverse c. €4mn. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Notes to the Financial Statements as at 31 December 2009

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

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

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP or USD in respect of transaction risk in the reporting entities functional currency would not have a material impact either on the reported after tax profit, or on equity.

US Dollar Loan Notes

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

These cross currency interest rate swaps had not been designated under the IAS 39 hedge accounting rules. Consequently the change in fair value of the cross currency interest rate swaps is recognised in the Consolidated Income Statement (€6.9mn) and the translation gain on the private placement debt is also recognised in the Consolidated Income Statement in accordance with IAS 21 (€11.8mn).

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

Interest Rate Risk

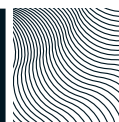
The Group's has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

At 31 December 2009, the Group's private placement debt of €151mn (swapped from USD\$200mn) was fixed out to maturity (2015 and 2017) at a weighted average interest rate of 4.15%. Of the Group's remaining external debt, USD\$20mn has been fixed for a period to January 2012 at an average rate of 1.675% plus margin.

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

As at 31 December 2009

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank overdrafts	3.16%	23,969	-	23,969	23,969	-
Bank loans	1.43%	56,808	13,958	42,850	56,808	-
Loan notes	4.15%	139,577	139,577	-	-	139,577
Other loans	9.00%	11,269	-	11,269	11,269	-
		<u>231,623</u>	<u>153,535</u>	<u>78,088</u>	<u>92,046</u>	<u>139,577</u>



Notes to the Financial Statements as at 31 December 2009

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

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	173,336	139,577	33,759
USD	56,808	13,958	42,850
Others	1,479	-	1,479
	<u>231,623</u>	<u>153,535</u>	<u>78,088</u>

Floating/Fixed comparison (on gross debt)

Weighted average fixed period 5.34

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

Credit Risk

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

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

Cash & cash equivalents

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

Forward foreign exchange contracts

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

Financial Instruments by category

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

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

Notes to the Financial Statements as at 31 December 2009

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

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

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

Fair value hierarchy

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

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

25. PROVISIONS FOR LIABILITIES

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

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

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

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



Notes to the Financial Statements as at 31 December 2009

26. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

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

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

Deferred tax arises from differences in the timing of the recognition of items, principally depreciation and capital allowances, in the financial statements and by the tax authorities. There was no unrecognised deferred tax asset or liability at 31 December 2009 (2008: €Nil).

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

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

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

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

27. SHARE CAPITAL

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

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

28. SHARE PREMIUM ACCOUNT

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

Notes to the Financial Statements as at 31 December 2009

29. OTHER RESERVES

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

Other reserves is analysed as follows at the year end:

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

30. REVALUATION RESERVE

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

31. CAPITAL REDEMPTION RESERVE

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

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

32. RETAINED EARNINGS

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

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

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



Notes to the Financial Statements as at 31 December 2009

33. DIVIDENDS

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

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

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

DIVIDENDS

Ordinary dividends

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

34. MINORITY INTEREST

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

35. CASH FLOW STATEMENT

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

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

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

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

Notes to the Financial Statements as at 31 December 2009

37. ACQUISITIONS

(a) AIR-CELL Innovations

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

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

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

Effects of revisions of fair values above

Goodwill	<u>7,175</u>
Consideration	<u>8,601</u>

2009
€'000

Satisfied by:

Consideration paid (including acquisition costs)	6,780
Contingent deferred consideration	<u>1,821</u>
	<u>8,601</u>

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

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

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

Revenue €'000	Operating Profit €'000
<u>15,217</u>	<u>1,612</u>

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

(b) Prior year acquisitions

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

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

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



Notes to the Financial Statements as at 31 December 2009

38. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants

In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade, or the disposal of grant aided assets), grants may be repayable up to a maximum amount of €4,027,315 (2008: €1,304,322).

(ii) Guarantees and contingencies

The private placement notes (\$200mn) and the revolving credit facility (€330mn of which c. €57mn was drawn at year-end) are both secured by means of cross guarantees provided by Kingspan Group plc and some of its subsidiaries. In addition, there are a number of local overdraft facilities in overseas locations which are secured by means of a guarantee from Kingspan Group plc, or some other subsidiary company.

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

(iii) Leasing and hire purchase

	2009		2008	
	Minimum payments €'000	Present value of payments €'000	Minimum payments €'000	Present value of payments €'000
Finance lease and hire purchase obligations				
- within one year	-	584	-	1,943
- after one year	-	797	-	-
Total minimum lease payments	1,503	-	2,195	-
Less: amounts allocated to future finance costs	(122)	-	(252)	-
Present value of minimum lease payments	<u>1,381</u>	<u>1,381</u>	<u>1,943</u>	<u>1,943</u>

Operating lease obligations are due as follows:

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

(iv) Future capital expenditure

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

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

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

	2009 €'000	2008 €'000
Contracted for	11	560
Not contracted for	51	95
	<u>62</u>	<u>655</u>

Notes to the Financial Statements as at 31 December 2009

39. PENSION OBLIGATIONS

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

The assets of each scheme are administered by trustees in funds independent from those of the Group.

Defined contribution schemes

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

Defined benefit schemes

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

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

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

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

The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries using the attained age method. The most recent actuarial valuations were 6 April 2006, 31 March 2007 and 5 April 2007 and these have all been updated to 31 December 2009 by qualified independent actuaries to take account of the requirements of IAS 19 Employee Benefits.

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

The extent of the Group's obligation under these schemes is sensitive to judgmental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

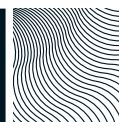
	2009	2008
Rate of increase of pensions in payment	3.30%	2.30%
Discount rate	5.70%	6.00%
Inflation assumption	3.30%	2.30%

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

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

The net pension liability analysed as follows:

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



Notes to the Financial Statements as at 31 December 2009

39. PENSION OBLIGATIONS (cont'd)

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

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

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

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

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

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

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

Notes to the Financial Statements as at 31 December 2009

40. RELATED PARTY TRANSACTIONS

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

(i) Transactions between subsidiaries and associates are carried out on an arm's length basis. The Company received dividends from subsidiaries of €202mn and there was a movement of inter company balances of €202.9mn.

(ii) For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company), refers to the Board of Directors which manages the business and affairs of the Company. As identified in the Report on Directors Remuneration, the Directors, other than the non-executive directors, serve as executive officers of the Company.

Key management personnel compensation is set out in Note 10.

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

	2009 €'000	2008 €'000
Travel services	33	482
Hotel	13	24
Information Technology Services	30	45
	<u>76</u>	<u>551</u>

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

	2009 €'000	2008 €'000
Travel services	-	<u>19</u>

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

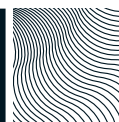
41. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions. The latter dicated that there was no dividend payment in respect of 2009.

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

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



Notes to the Financial Statements as at 31 December 2009

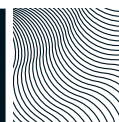
42. GROUP COMPANIES

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

	Shareholding %	Nature of Business
IRELAND		
Coppercraft Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Europe	100	Holding Company
Kingspan Fabrik Limited	100	Manufacturing
Kingspan Finance	100	Finance Company
Kingspan Funding Europe	100	Finance Company
Kingspan Funding Ireland	100	Finance Company
Kingspan Funding Overseas	100	Finance Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan International Finance	100	Finance Company
Kingspan Investments (CEMEI)	100	Finance Company
Kingspan Investments Europe	100	Finance Company
Kingspan Investments (Ireland) Limited	100	Finance Company
Kingspan Nominees Limited	100	Holding Company
Kingspan Research & Development Limited	100	Product Development
Kingspan Securities Limited	100	Finance Company
Thermal Product Developments Limited	100	Product Development
Registered Office: Dublin Road, Kingscourt, Co. Cavan, Ireland		
Kingspan Century Limited	100	Manufacturing
Registered Office: Clones Road, Monaghan, Co. Monaghan, Ireland		
Kingspan Insulation Limited	100	Manufacturing
Registered Office: Bree Industrial Estate, Castleblayney, Co. Monaghan, Ireland		
Kingspan Limited	100	Manufacturing
Registered Office: Carrick Road, Kingscourt, Co. Cavan, Ireland		
Titan Environmental Limited	100	Manufacturing
Registered Office: Dundalk Road, Carrickmacross, Co. Monaghan, Ireland		
UNITED KINGDOM		
Kingspan Environmental and Renewables Limited	100	Holding Company
Kingspan Environmental Limited	100	Manufacturing
Kingspan Renewables Limited	100	Manufacturing
Registered Office: 180 Gilford Road, Portadown, BT63 5LE, Northern Ireland		
Environmental Treatment Systems Limited	100	Manufacturing
Registered Office: College Road, Aston Clinton, Aylesbury, Buckinghamshire, UK		
Banro Sections Limited	100	Manufacturing
Kingspan Group Limited	100	Holding Company
Kingspan Holdings (Insulation) Limited	100	Holding Company
Kingspan Holdings (Panels) Limited	100	Holding Company
Kingspan Holdings (Structural and Offsite) Limited	100	Holding Company
Kingspan Investments Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
KOS (No.1) Limited	100	Manufacturing
Wards Insulated Panels Limited	100	Sales & Marketing
Registered Office: Greenfield Business Park No. 2, Holywell, North Wales, UK		
Kingspan Access Floors Limited	100	Manufacturing
Registered Office: Marfleet, Hull, Yorkshire, UK		
Kingspan Hot Water Systems Limited	100	Manufacturing
Kingspan Solar Limited	100	Marketing
Registered Office: Tadman Street, Wakefield, West Yorkshire, WF1 5QU		
Kingspan Insulation Limited	100	Manufacturing
Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Registered Office: Pembridge, Leominster, Herefordshire, UK		
Kingspan Potton Limited	100	Manufacturing
Registered Office: Eltisbury Road, Great Gransden, Sandy, Bedfordshire SG19 3AR		

Notes to the Financial Statements as at 31 December 2009

	Shareholding %	Nature of Business
AUSTRALIA		
Griffin Rolled Steel Pty Limited	100	Holding Company
Kingspan Insulated Panels Pty	100	Manufacturing
Registered Office: 38-52 Dunheved Circuit, St Marys, Sydney, NSW 2760, Australia		
Kingspan Insulation Holdings Ltd	100	Holding Company
Kingspan Insulation Pty Ltd	100	Manufacturing
Novaduct Innovations Pty Ltd	100	Product Development
National Building Energy Rating Services Pty Ltd	100	Sales & Marketing
Registered Office: c/o Grant Thornton, Level 1, 10 Kings Park Road, West Perth 6005, Australia		
AUSTRIA		
Kingspan GmbH	100	Sales & Marketing
Registered Office: Techgate Tower, Donau-City Straße 1, 1220 Vienna, Austria		
BELGIUM		
Kingspan Door Components S.A.	100	Manufacturing
Registered Office: 1A Zone Industrielle de l'Europe 2, 7900 Leuze-en-Hainaut, Belgium		
Kingspan Holding Belgium N.V.	100	Holding Company
Kingspan Belgium N.V.	100	Sales & Marketing
Registered Office: Bouwelen 17, Industriepark Klein Gent, 2280 Grobbendonk, Belgium		
Kingspan Tarec Industrial Insulation NV	50	Manufacturing
Registered Office: Plejadenlaan 15, 1200 Brussel, Belgium		
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Registered Office: Fasken Martineau DuMoulin, 2100 - 1075 West Georgia Street, Vancouver, BC, V6E 3G2, Canada		
Tate ASP Access Floors Inc	100	Manufacturing
Registered Office: 66 Wellington Street West, Suite 3600, Toronto, Ontario, ON, M5K 1N6, Canada		
CROATIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Jakova Gotovca 1, 10 000 Zagreb, Croatia		
CZECH REPUBLIC		
Kingspan a.s.	100	Manufacturing
Registered Office: Vážní 465, 500 03 Hradec Králové, Czech Republic		
DENMARK		
Kingspan Danmark A/S	100	Sales & Marketing
Registered Office: Tækkemandsvvej 7, 4300 Holbæk, Denmark		
Kingspan Miljøcontainere A/S	100	Manufacturing
Registered Office: Amerikavej 1, 7000 Fredericia, Denmark		
ESTONIA		
Kingspan OU	100	Sales & Marketing
Registered Office: Mustamäe tee 55, 10621 Tallinn, Estonia		
FRANCE		
Kingspan Sarl	100	Sales & Marketing
Registered Office: Bat 3 – Parc D'affaires de Crecy, 3 Rue Claude Chappe, 69370 Saint-Didier-au-Mont-d'Or, France		
GERMANY		
Kingspan Tek GmbH	100	Manufacturing
Registered Office: Beusterstraße 1a, 16348 Klosterfelde, Germany		
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Registered Office: Am Schornacker 2, 46485 Wesel, Germany		
HUNGARY		
Kingspan Kft	100	Manufacturing
Registered Office: 2367 Újhartyán, Horka Dulo 1, Hungary		
LATVIA		
Kingspan SIA	100	Sales & Marketing
Registered Office: Volguntes iela 32-201, Ryga, Latvia		
LITHUANIA		
UAB Kingspan	100	Sales & Marketing
Registered Office: 19 Draugystes gatve, Kaunas 51001, Lithuania		
LUXEMBOURG		
Kingspan Luxembourg Sarl	100	Finance Company
Registered Office: 398 Route d'Esch, L-1471, Luxembourg		



Notes to the Financial Statements as at 31 December 2009

	Shareholding %	Nature of Business
NETHERLANDS		
Kingspan B.V.	100	Sales & Marketing
Kingspan Holdings Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Registered Office: Lingewei 8, 4004 LL, Tiel, Netherlands		
NEW ZEALAND		
Kingspan Limited	51	Sales & Marketing
Registered Office: 15 Ron Guthrey Road, Christchurch Airport, Christchurch, New Zealand		
POLAND		
Kingspan Insulation Sp.z o.o.	100	Sales & Marketing
Registered Office: ul. Kruczkowskiego 8, 00-380 Warsaw, Poland		
Kingspan Sp.z o.o.	100	Manufacturing
Registered Office: ul. Przemyslowa 20, ap 27-300 Lipsko, Poland		
Kingspan Environmental Sp.z o.o.	100	Manufacturing
Registered Office: ul. Topolowa 5, 62-090 Rokietnica k, Poznan, Poland		
ROMANIA		
Kingspan S.R.L.	100	Sales & Marketing
Registered Office: B-dul Iancu de Hunedoary nr. P, bl.11, sc. 2et., ap. 50, sector 1, Bucharest, Romania		
RUSSIA		
Kingspan LLC	99	Sales & Marketing
Registered Office: 192012 Prospekt Obukhovskoj Oborony, 120, Liter B, St. Petersburg, Russian Federation		
SERBIA		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Bulevar AVNOJ-a 45/z lokal 33, 11070 Novi Beograd, Serbia		
SINGAPORE		
Kingspan Pte Limited	100	Sales & Marketing
Registered Office: 80 Raffles Place, #25-01, UOB Plaza, Singapore (048624)		
SLOVAKIA		
Kingspan s.r.o.	100	Sales & Marketing
Registered Office: Ceska 3, 831 03 Bratislava, Slovakia		
SPAIN		
Kingspan Holdings Spain SL	100	Holding Company
Registered Office: C/Alfonso XII, 22-20 DCHA, 28014 Madrid, Spain		
Kingspan Suelo Technicos	50	Sales & Marketing
Registered Office: C/Guindos, 2 San Sebastian Delosreyes, 28700 Madrid, Spain		
TURKEY		
Izopoli Yapı Elemanları Taahhüt San. Ve Tic. A.Ş	51	Manufacturing
Registered Office: Istanbul - Besiktas, Ortakoy, Ciragan Cad. No:97, Turkey		
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Registered Office: Krymska Street 11, Office 404, 79035 Lviv, Ukraine		
UNITED STATES OF AMERICA		
ASM Modular Systems Inc.	100	Manufacturing
Registered Office: c/o CT Corporation System, 111 Eight Avenue, New York, NY 10011, USA		
Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Holdings US Inc.	100	Holding Company
Morin Corporation	100	Manufacturing
Kingspan Medusa Inc.	100	Holding Company
Kingspan Solar Inc.	100	Sales & Marketing
Registered Office: The Corporation Trust Center, 1209 Orange Street, Wilmington Delaware, 19801, USA		
Kingspan Insulated Panels Inc.	100	Manufacturing
Registered Office: CT Corporation Systems, 1200 South Pine Island Road, Plantation, FL 33324, USA		
Tate Access Floors, Inc.	100	Manufacturing
Registered Office: 7510 Montevideo Road, Jessup, Maryland, 20794, USA		

43. Approval of Financial Statements

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